

SECTION II: DEFENSE NUCLEAR SITES

II.0 Background

Defense nuclear sites accounted for 71 percent of all workers separated in FY 1998.

II.1 Separations

There were 2,141 defense prime-contractor positions reduced in FY 1998 (Exhibit II.1)

	SITE: DEFENSE SITES	FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	1,164	\$9,862,112	\$8,537,207	\$18,399,319	\$15,807
1.1	Early Retirement	14	\$465,492	\$0	\$465,492	\$33,249
1.2	Non-Retirement Voluntary Separations (Severance Only)	758	\$9,396,620	\$8,537,207	\$17,933,827	\$23,659
1.3	Net Positions Reduced Through Attrition	392	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	977	\$493,323	\$6,975,608	\$7,468,931	\$7,645
2.1	With Benefits	699	\$493,323	\$6,975,608	\$7,468,931	\$10,685
2.1.1	Non-construction workers	519	\$98,800	\$6,575,608	\$6,674,408	\$12,860
2.1.2	Construction workers	180	\$394,523	\$400,000	\$794,523	\$4,414
2.2	Without Benefits	278	\$0	\$0	\$0	\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	2,141	\$10,355,435	\$15,512,815	\$25,868,250	\$12,082
3.0	Remaining Affected Workers		\$0	\$200,000	\$200,000	
3.1	Workers Placed without Retraining	870	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed through Retraining	17	\$0	\$200,000	\$200,000	\$11,765
3.3	Transfers to Other Sites	77	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$5,209,510	\$4,235,903	\$9,445,413	
4.1	Displaced Worker Medical Benefits	1,501	\$540,536	\$4,193,633	\$4,734,169	\$3,154
4.2	Relocation Assistance	23	\$38,989	\$0	\$38,989	\$1,695
4.3	Separating or Separated Workers Using Outplacement	3,241	\$1,897,081	\$42,270	\$1,939,351	\$598
4.4	Education Assistance for Separated Workers	1,644	\$2,732,904	\$0	\$2,732,904	\$1,662
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$15,564,945	\$19,948,718	\$35,513,663	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	2,141	n/a	n/a	n/a	\$14,450
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	758	n/a	n/a	n/a	\$27,138
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	699	n/a	n/a	n/a	\$14,164
9.0	Other Separations (2)	179	\$68,200	\$1,220,345	\$1,288,545	\$7,199
9.1	Voluntarily Separated	50	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	129	\$68,200	\$1,220,345	\$1,288,545	\$9,989

Exhibit II.1 Defense Sites Work Force Restructuring Summary

Of these separations, 1,164 positions were reduced voluntarily: 14 took early retirement, 758 accepted a voluntary separation package, and 392 positions were reduced through managed attrition. An additional 977 were separated involuntarily (Exhibit II.2). There were also 179 subcontractor separations.

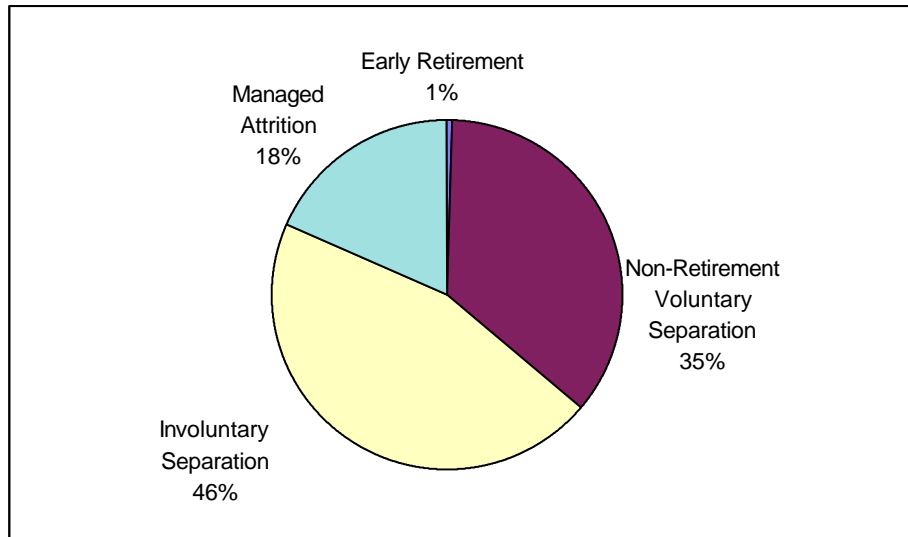
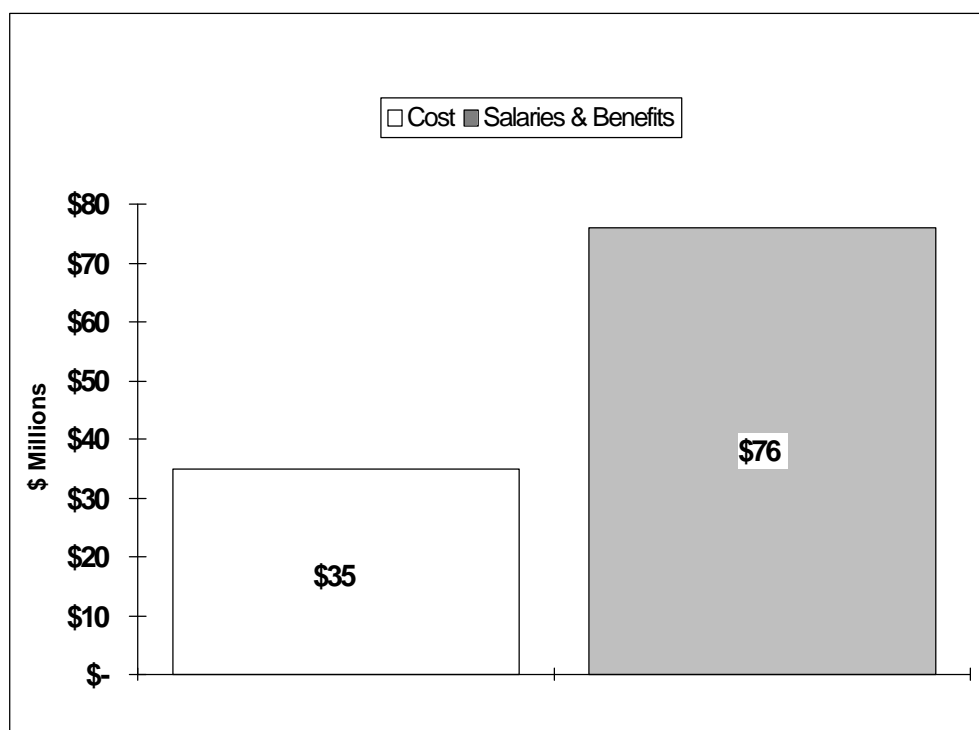


Exhibit II.2 Defense Nuclear Site Separations for FY 1998

II.2 Cost Savings and Separation Costs

Cost Savings. The cost savings associated with the 2,141 contractor employees separated from defense nuclear sites in FY 1998 \$76 million,¹ versus a one-time cost of \$35 million (Exhibit II.3).

¹ Total annual employee compensation averaged \$71,360 for salary and benefits, adjusted for inflation, based on data compiled by the Department's Office of Procurement Assistance. Assuming separations occurred on average midyear, cost savings are calculated based on one-half the annual compensation cost.



**Exhibit II.3 Cost and Savings for FY 1998
Defense Site Reductions in Employment**

Separation Costs. Total separation costs were \$35.5 million in FY 1998. Of these costs, \$15.6 million were enhanced costs paid for by the Office of Worker and Community Transition and \$19.9 million was paid for by the various programs responsible for the sites covered in this report. The estimated fully-burdened cost per prime-contractor separation at defense nuclear sites in FY 1998 was approximately \$14,450.² The average cost per early retirement was \$33,200. The estimated incentive cost per recipient for non-retirement voluntary programs was \$23,700, with a fully-burdened cost of \$27,100 with benefits. Severance cost per recipient for involuntary separations was \$10,700, with a fully-burdened cost of \$14,200 with benefits.

²

A fully-burdened cost per voluntary or involuntary separation is calculated by taking the average severance/incentive cost and adding a per capita historical average cost for other benefits of \$3,479. The fully-burdened cost for all separations uses a prorated historical average based on the ratio of separated workers eligible for benefits.

II.3 Mitigating Restructuring Impacts

Placement. In FY 1998, 964 employees were placed in other positions, either at the same site or other sites. The majority (870) were placed at their same site without retraining.

Medical Benefits. In 1998, 1,501 separated workers took extended medical benefits with an average cost of \$3,200 per worker. Recipients may have been separated in prior years.

Relocation. In FY 1998, 23 employees received relocation assistance at an average cost of \$1,700. Recipients may have been separated in prior years.

Outplacement. In FY 1998, 3,241 workers used outplacement services, with an average cost of \$600 per worker. Outplacement services are typically available to both prime-contractor and subcontractor workers. Recipients may have been separated in prior years.

Educational Assistance. In FY 1998, 1,644 workers received educational assistance with educational costs averaging about \$1,700 each.

II.4 Site Summaries

Site summaries follow the same general structure as the total defense nuclear sites summary with the following exceptions:

- **Mitigation.** Mitigation measures usually appear in the discussion of restructuring costs. Not all mitigation measures were used at each site. Consequently, discussion of some of these measures is not included in the site summaries.
- **Community Transition.** Only 12 defense nuclear sites have received community transition assistance; therefore, not all site summaries contain this discussion.
- **Subcontractor Separations.** The Department has not historically tracked subcontractor employment data. Reporting subcontractor separations is not consistent across sites. After work force restructuring began in FY 1993, the Office has tried to track separations in cases where work shifted from the scope of the management contract to various subcontracts.

II.4.1 Idaho National Engineering and Environmental Laboratory

II.4.1.1 Background

The Idaho National Engineering Laboratory became the Idaho National Engineering and Environmental Laboratory (INEEL) in FY 1997 to reflect the new missions of the Laboratory and its focus on the technical challenges related to the environment. The name change reflects the major engineering and research role the INEEL provides nationally to the Department's Environmental Management program.

The mission of INEEL is to clean up the environmental legacy resulting in part from production priorities during the Cold War, execute multiprogram missions, and leverage the Laboratory's expertise with emerging technology to meet the Nation's needs through world class applied engineering. INEEL's vision is to be recognized as the national engineering and environmental laboratory operating in a multiprogram mode. INEEL's mission is shifting from nuclear technology research to addressing environmental concerns, growing new missions and creating new jobs based on the extensions of facility strengths related to Department and national needs.

The INEEL's new direction includes five business objectives: (1) combine systems and testing capabilities to establish the Environmental Engineering and Technology Complex, (2) use facilities required to fulfill waste disposition plans and agreements to create the Waste Treatment Center, (3) increase its role in national security, (4) increase its contributions in nuclear technologies and applications, and (5) expand into derived national environmental missions.

II.4.1.2 History of Work Force Restructuring

INEEL experienced five work force restructuring efforts from FY 1993 through FY 1996. The security force had two separations, both voluntary and involuntary during FY 1993 and FY 1994. In addition the prime contractor had one early retirement incentive package and two voluntary separation packages during FY 1995 and FY 1996. Total separations from FY 1993 through FY 1996 were 1,945; only 20 separations were involuntary. There were no prime-contractor positions reduced in FY 1997. There were 236 separations in FY 1997 through attrition, but new hires exceeded gross attrition.

II.4.1.3 Current Work Force Restructuring

Because of efforts by the Department's Idaho Operations Office and the contractors at the INEEL to transfer people internally, potential lay offs in both FY 1997 and FY 1998 were averted. There were 125 net positions reduced through attrition in FY 1998 (Exhibit II.4). There were 14

Office of Worker and Community Transition

individuals internally placed. Twenty-four people are currently being retrained for future internal reassignment or job restructuring to help prevent future layoffs.

	SITE: Idaho	FY 1998			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	125	\$0	\$0	\$0
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)				
1.3	Net Positions Reduced Through Attrition	125	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits				
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	125	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining	14			\$0
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$383,035	\$61,372	\$444,407
4.1	Displaced Worker Medical Benefits	20		\$61,372	\$61,372
4.2	Relocation Assistance	13	\$20,576		\$20,576
4.3	Separating or Separated Workers Using Outplacement	610	\$71,600		\$71,600
4.4	Education Assistance for Separated Workers	175	\$290,859		\$290,859
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$383,035	\$61,372	\$444,407
6.0	NET POSITIONS REDUCED (Average Costs)	125	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Exhibit II.4. Idaho Work Force Restructuring Summary

Outsourcing. There were no outsourcing activities in FY 1998.

Rehires. Even though the restriction for rehiring people who accepted the FY 1995 voluntary separation package has expired, only one of those individuals has been rehired to date. There are a limited number of subcontracts in place with early retirees and voluntarily separated individuals for services they uniquely possess or services different from those they provided while employed with Lockheed Martin Idaho Technologies Company (LMITCO). There is a tightly controlled process for placing these subcontracts, which includes approvals of contractor upper management, the contractor legal department, and the DOE-ID Field Office.

II.4.1.4 Costs of Restructuring

The total work force restructuring cost incurred in FY 1998 was \$444,400 for other benefits provided to employees separated in prior years (Exhibit II.4). Total enhanced benefits costs were \$383,000, while total program costs were \$61,400. The average cost of displaced worker medical benefits was \$3,100, the average cost of relocation assistance was \$1,600, outplacement was \$100, and education assistance was \$1,700.

The annual savings in salary and benefits for the 125 positions reduced is \$8.9 million, at no cost to the Department.

11.4.1.5 Outplacement

The Lockheed Martin Idaho Technology Company Outplacement Center (the Center) was established in April 1995 with a defined mission to provide a wide array of job search and career assessment programs that prepare clients to market themselves. The Center was established at an offsite facility with easy access and parking, and all displaced workers were advised of the Center's services. The Center was staffed by three full time counselors, including one Idaho Department of Employment Job Service representative, providing clients individualized assistance in their job search. An Education Tuition Assistance administrator, appointed from the INEEL Institute, was also stationed at the Center on a part time basis.

The Center provided eight individual workstations complete with computers equipped with a variety of word processing capabilities, resume software, Internet access, and phones equipped with FTS access. Staff assisted in the operation of these programs. As an added feature, the Idaho Department of Employment made available the Career Information System, which is a self-assessment, employer research program designed to assist clients in determining their skills and matching them to available positions within the State.

The Center provided a library that served as a research tool in the areas of both personal assessment and career exploration. Recent publications pertaining to the topics of managing change, interviewing techniques, and resume writing are samples of the literature available. In addition, newspapers, government and industry-related journals, and reference books relative to the current job market are available. A monthly newsletter, "The Search," informs clients of Center resources and activities.

Center staff made a number of informational presentations covering topics of interest such as managing change, negotiating an offer, resume preparation, and interviewing techniques. Outside experts presented full-day skill assessment and financial education programs. A resume booklet, updated periodically, was assembled and distributed to various local and regional employers as appropriate.

The utilization of the outplacement center continued to decline the farther away from the separation date, therefore, the Center was relocated from an offsite location to one inside the facility where the LMITCO Human Resource Department is located. The move was made to accommodate the reduced utilization of the Center and to use the staff in other human resource functions during less active times. The Center hours were also reduced.

Because of the reduction in clientele, three of the eight workstations have been eliminated, presentations are being made only as needed, and the resume book is updated less frequently. All other services are still available.

Preference in Hiring. The goal of the outplacement center is to place as many individuals with preference-in-hiring as possible. To that end, systems and procedures are in place to facilitate contact with the individuals, track and monitor progress, and to place individuals, as positions become available. The number of people now eligible for preference in hiring is 28, down from approximately 100 in FY 1994. Thirty-two displaced workers with preference in hiring have been placed at the INEEL within the last five years. Approximately 17 others have been placed at other Department of Energy sites.

II.4.1.6 Community Transition

The Eastern Idaho Community Reuse Organization (CRO) was established in October 1994 as a standing Committee of the Board of Directors of the Eastern Idaho Economic Development Council (Council). The Council acts as the fiduciary agent for all CRO activities through its non-profit status. The mission of the Council, and therefore the CRO, is to diversify the regional economy by creating the widest possible range of employment opportunities for the region's residents, while preserving and enhancing their quality of life.

The Regional Development Alliance (RDA) was selected by the State of Idaho to receive and administer funds provided to the State through a Federal court-mandated settlement agreement on disposition of spent nuclear fuel between the State and the Department of Energy. The agreement calls for the Department to provide \$30 million to be disbursed to the State over five years. The settlement agreement allows the Idaho National Engineering and Environmental Laboratory to accept a fixed number of shipments of spent fuel in exchange for the eventual removal of most nuclear waste and spent fuel from Idaho by January 1, 2035.

As of September 30, 1998, a total of \$5.3 million has been committed to the CRO and \$15 million to the State of Idaho for economic diversification, for a total commitment of \$20.3 million. To date, \$12.1 million has been spent. Approximately 1,808 jobs have been created or retained, with an additional 1,300 projected by the year 2001. Exhibit II.5 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and FY 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$771,976	\$641,817	87	\$7,377	395
Financing Programs	\$11,856,320	\$8,228,758	543	\$15,154	1,274
Reuse of On Site Assets					
Training	\$310,744	\$143,912	83	\$1,734	133
Land, Facilities, Research and Development Assistance	\$1,000,000	\$939,088	5	\$187,818	25
Planning / Program Management	\$6,385,960	\$2,098,777	1,090	\$1,925	1,272
Totals	\$20,325,000	\$12,052,352	1,808	\$6,666	3,099

Exhibit II.5 Idaho Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- The CRO established a formal relationship with the newly-formed RDA in FY 1997. The State of Idaho has prohibited the use of funds from the settlement agreement for administrative purposes. Through an agreement, the CRO provides administrative funds to the RDA. In return, the RDA has continued funding of a number of programs initially created and supported by the CRO. Over 300 new jobs have been created as a result of this relationship during the last year, with over 700 more projected over the next 2-3 years.
- Related community-based organizations were formed with CRO seed support both in outlying communities and central cities to initiate targeted diversification efforts. These efforts include downtown revitalization, business incubators, tourism promotion activities, and external business promotion. All agreements with community-based organizations require self-sufficiency strategies with program support limited to one year.
- Effective March 31, 1998, the Enterprise Fund has been fully disbursed (\$3 million) through loans to and investments in area businesses. To date, over 210 new jobs have been created by the Fund (74 of which were created over the past 6 months), with the Enterprise Fund returning approximately 5 percent on cash. Over \$1 million has been returned in repayments with those funds being used to continue operation of the original program.

- The amount leveraged by Enterprise Fund dollars more than triples the amount it has loaned, leveraging nearly \$8.6 million in a two-year period on the \$2.5 million it has loaned to companies in eastern Idaho.
- Eighteen companies in Eastern Idaho have received funds or have been obligated funds through the Enterprise Fund. Those that have received funds have experienced business growth due to these funds.
- The CRO conducted feasibility research for a convention center, resulting in a change in State legislature allowing for the establishment for an auditorium district, which uses local dollars for development and ongoing support of the Center.
- Eighteen projects and programs within a seven-county region that were assisted and/or established with CRO funds two years ago are still active in their economic diversification purposes, underlining their importance and necessity within the region.
- The CRO conducted feasibility research for a colonial arts center, resulting favorably for such a center. The study has leveraged over \$200,000 to date in private investment in the arts center.
- The CRO assisted Teton County's Economic Development organization in its initial phase of the creation and implementation of a micro-loan fund program, increasing Teton County Economic Development Council's business activity level in that region.
- The CRO has loaned funds for the construction of a 25,000 square foot speculative building. With no tenants in mind, the building was completed in July and had two prospective tenants by September. A company recently recruited by Eastern Idaho Economic Development Council has committed to a 10-year lease.
- The CRO is currently sponsoring research to determine the feasibility of the development of a 25,000 square foot Center for Science and Technology being proposed for University Place in Idaho Falls by the University of Idaho.
- The CRO has leveraged \$1.4 million in private investment, with \$500,000 CRO funds between June 1998 and September 30, 1998.
- The CRO is negotiating the feasibility of a property transfer program with U.S. DOE-Idaho.
- The CRO has collaborated community leaders around issues related to the Idaho National Engineering and Environmental Laboratory contractor re-bid and report to DOE-Idaho as they prepare the RFP process.

- In early 1998, CRO committed \$75,000 in a joint venture with Thermo Technology Ventures, funding a spin out company from the INEEL.

Exhibit II.6 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Eastern Idaho Community Reuse Organization	\$5,000,000	\$4,705,820	1,368	\$3,440	1,600
State Economic Development	\$15,000,000	\$7,021,532	440	\$15,958	1,499
EIEC Planning Grant -3/95	\$325,000	\$325,000			
Totals	\$20,325,000	\$12,052,352	1,808	\$6,666	3,099

Exhibit II.6 Idaho Funding and Job Creation by Program

II.4.1.7 Future of the Site

Manpower projections for the next several years are increasing at the INEEL because of the increased environmental mission. The total increase for the next three fiscal years is a projected net increase of approximately 300 positions, predominately in the engineering, scientific, and technical job categories. An increase of approximately 140 positions is anticipated in FY 1999.

II.4.1.8 Accomplishments and Lessons Learned

Accomplishments of work force restructuring efforts and lessons learned from the outplacement center are as follows:

- LMITCO mitigated the cost impact of the Lockheed Martin Advanced Energy Systems (LMAES) layoff by placing 24 of the 157 affected employees in FY 1997 and an additional 2 in FY 1998 into LMITCO job openings for which they were qualified.
- To accurately monitor preference-in-hiring status at INEEL and track displaced workers, the Center mails a yearly reminder, via registered mail, requesting a signed preference-in-hiring form to be returned to the center along with an updated resume. Resumes are then entered into JOBS and into an in-house reference database tracking system.

- In order to evaluate the effectiveness of the outplacement center, customer surveys solicit client feedback on how services and operation of the Center could be improved. The surveys also provide an updated status of separated employees. The comments have been very favorable and reflect satisfaction with the services and resources provided.
- The outplacement center will be available for individuals in ranking groups where an excess has been identified and where efforts to place individuals in to areas of need have failed. This could be an excellent way of reducing the future need to restructure. Phase one of the plan calls for these individuals to use the center only on their time off (Fridays) or by taking planned leave

II.4.2 Kansas City Site

II.4.2.1 Background

The Kansas City Plant (KCP), located in Kansas City, Missouri, is responsible for the development and procurement of non-nuclear components for the nation's nuclear weapons program. AlliedSignal Inc., Federal Manufacturing & Technologies (FM&T) is the current management and operating contractor for the Kansas City Plant.

Since its creation in 1949, the Kansas City Plant has been an important part of the nuclear weapons complex. Typically, over 80 percent of the individual components within a nuclear weapon are the KCP's production or procurement responsibility. Through the years, the Plant's role within the nuclear weapons complex required a large productive capacity and extremely diverse technical capabilities. This set of capabilities and capacities was added incrementally in response to changing Departmental program needs.

With the end of the Cold War, the emphasis of the United States nuclear weapons program has shifted dramatically from development and production of new design weapons to dismantlement and maintenance of a smaller, enduring stockpile. In accordance with national security policy, including the Strategic Arms Reduction Treaties, the nuclear weapons stockpile is being significantly reduced. As a result, the Department shut down some of its former weapons facilities, transferred many of the production missions to the Kansas City Plant, and began moving other selected production operations to the national laboratories.

Subsequently, studies were conducted in support of the Stockpile Stewardship and Management Programmatic Environmental Impact Statement to determine a preferred alternative for the continued manufacturing of nonnuclear components for nuclear weapons. These studies resulted in the selection of a downsized Kansas City Plant as the preferred site, because it was more cost effective than other alternatives and presented less programmatic risk to weapon production schedules, because product technologies and facilities were in place to complete the mission.

II.4.2.2 History of Work Force Restructuring

The Department first announced in April 1993 the need to restructure the work force at the Kansas City Plant, due to changes in the defense mission and subsequent budgetary reductions. From FY 1993 to FY 1997, the KCP has separated 1,205 workers, with over 73 percent separating voluntarily. The majority of separations occurred in FY 1993 and 1994, when 1,003 workers left the site. In FY 1995 and FY 1996, a total of 202 employees separated from KCP through attrition at no cost to the Department.

In June 1997, the Department formally announced a work force reduction of as many as 700 associates at the Kansas City Plant to take place by October 1, 1997. A draft work force restructuring plan for the KCP was submitted to the Department for review and comment, and guidelines and applications for a voluntary reduction in force were distributed to all KCP associates. By August 1997, letters were distributed to 330 associates indicating that they had been approved for the voluntary reduction in force. There were no work force restructuring funds expended in FY 1997. However, contractor management allowed some employees who were accepted for the FY 1998 voluntary reduction in force to leave in late FY 1997. Concentrated planning began in September 1997 for an involuntary reduction in force to be completed in early FY 1998. The final work force restructuring plan was forwarded to the U.S. Congress in October 1998.

II.4.2.3 Current Work Force Restructuring

Reductions in head count that started in late FY 1997 were completed in early FY 1998. A total of 423 positions were reduced through a combination of nonretirement voluntary separations (330), involuntary separations (43), and net positions reduced through attrition (50) (Exhibit II.7 on the following page). While a small number of mission necessary positions have been filled through limited outside hiring, the overall head count trend at the KCP continued downward to 2,962 (without Kirtland Operations) as of the end of September 1998, the lowest level of employment in the plant's 50 year history. Given the current knowledge of work load and budget projections, no further work force restructuring activities are planned for the KCP at this time.

Outsourcing. There were no positions reduced through outsourcing at the KCP in FY 1998. Over the years, FM&T has procured and fabricated parts in approximately a 50 percent make and a 50 percent buy ratio and has been moving towards more buying in recent years. In September 1995, a make-or-buy plan for functions and services was established. The plan was reviewed and approved by the Department of Energy Area Office and Operations Office. Plans for the coming years consist of appointing an outsourcing manager to oversee privatization opportunities that are consistent with Stockpile Management Restructuring Initiative implementation.

Rehires. There were two rehires at the Kansas City Plant in FY 1998. AlliedSignal FM&T policy is not to rehire any employee who has taken a separation package through one of the voluntary reduction in force packages. Consideration to rehire employees who were affected by an involuntary reduction in force is done consistent with good business practices and, where applicable, the provisions of any collective bargaining agreements.

Office of Worker and Community Transition

SITE: Kansas City		FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	380	\$6,878,437	\$1,575,814	\$8,454,251	\$22,248
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)	330	\$6,878,437	\$1,575,814	\$8,454,251	\$25,619
1.3	Net Positions Reduced Through Attrition	50			\$0	\$0
2.0	Involuntary Separations (Severance Only)	43	\$0	\$390,444	\$390,444	\$9,080
2.1	With Benefits	43	\$0	\$390,444	\$390,444	\$9,080
2.1.1	Non-construction workers	43		\$390,444	\$390,444	\$9,080
2.1.2	Construction workers					
2.2	Without Benefits					
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	423	\$6,878,437	\$1,966,258	\$8,844,695	\$20,909
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites	39			\$0	\$0
4.0	Other Benefits Provided		\$347,132	\$29,929	\$377,061	
4.1	Displaced Worker Medical Benefits	73	\$121,563	\$29,929	\$151,492	\$2,075
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement	333	\$116,550		\$116,550	\$350
4.4	Education Assistance for Separated Workers	53	\$109,019		\$109,019	\$2,057
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$7,225,569	\$1,996,187	\$9,221,756	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	423	n/a	n/a	n/a	\$23,977
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	330	n/a	n/a	n/a	\$29,098
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	43	n/a	n/a	n/a	\$12,559
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.7. Kansas City Work Force Restructuring Summary

II.4.2.4 Costs of Restructuring

The total work force restructuring cost incurred in FY 1998 was \$9.2 million. Total enhanced benefits costs were \$7.2 million, while total program costs were \$2 million. The average estimated fully-burdened cost per voluntary separation was \$29,100. The average estimated fully-burdened cost per involuntary separation was \$12,600 (Exhibit II.7). The average cost of displaced worker medical benefits was \$2,000 per recipient, outplacement was \$350 per recipient, and education assistance was \$2,000 per recipient.

The annual savings in salary and benefits for the 423 positions reduced is \$30.2 million, for a one-time cost of \$9.2 million.

II.4.2.5 Outplacement

Employees who left AlliedSignal FM&T through the voluntary separation incentive program were offered outplacement assistance through StarAccess, an outplacement firm. StarAccess provided a full range of outplacement services which included performing job searches, developing and maintaining job leads, assisting with resume creation, reproduction and mailing, maintaining job market information, publicizing terminated workers' skills, and facilitating registration with government bureaus and services. The Career Center was available with phone lines, computers, and copy machines as part of the outplacement services. Employees who used the Career Center were offered workshops on job-related topics.

Preference in Hiring. No preference in hiring has been exercised by applicants at AlliedSignal FM&T.

II.4.2.6 Future of the Site

The Kansas City Plant will gradually reduce the size of the plant and the number of workers. The current strategy for the KCP covers the period from September 30, 1997 to FY 2006 and includes five major objectives:

- Reduce the physical size of the plant from approximately 3.2 million square feet of floor space to approximately 2.3 million square feet by consolidating and combining functional areas.
- Change the manufacturing methodology for most product lines from product-based to process-based manufacturing to achieve more effective use of resources.
- Outsource more of the products currently manufactured within the plant to commercial suppliers.
- Reduce infrastructure by eliminating and streamlining operating and administrative procedures. Change business practices to more efficiently use resources.
- Apply total quality initiatives to streamline and simplify business processes so that functions can be performed more efficiently.

II.4.2.7 Accomplishments and Lessons Learned

The voluntary separation program was very successful. The Department of Energy and AlliedSignal FM&T struck a good balance of benefits and services to help mitigate the effects of an involuntary reduction. StarAccess provided excellent support for affected employees, which has allowed an easier transition of people into retirement or other jobs.

However, the time between the announcement of a potential reduction-in-force and the final separation notifications to employees was excessive. The process should be streamlined so that the contractor knows exactly what the funding limits will be for a given period and make the necessary decisions about downsizing quickly. The long period between announcement and notifications only exacerbated the problem of keeping employees with necessary skills. Today's job market is such that skilled employees do not have to look far for good opportunities.

II.4.3 Lawrence Livermore National Laboratory

II.4.3.1 Background

The Lawrence Livermore National Laboratory (LLNL), one of three research laboratories managed by the University of California, is a national security laboratory whose mission is to solve complex scientific and technical problems of national importance. LLNL, established in 1952, was a separate part of what was then the University of California Radiation Laboratory: Berkeley and Livermore. In June 1971, recognizing the long-standing autonomy of the two laboratories, The Regents of the University formally separated them, and named Livermore as Lawrence Livermore Laboratory. In December 1979, Congress changed the name to Lawrence Livermore National Laboratory. The main location and facilities of LLNL are at three sites: the Livermore, California site; Site 300 at Tracy, California; and the Nevada Test Site.

II.4.3.2 History of Work Force Restructuring

Shifting national priorities impacting scientific and technical requirements and factors affecting Laboratory operations, resulted in changes to LLNL's job skills mix needed to meet the FY 1996 current and anticipated needs at the Laboratory. As a result, work force restructuring efforts at LLNL began during FY 1996 with a comprehensive internal review of Laboratory operations.

Employees were informed in June 1996 of a work force restructuring plan that included a Voluntary Separation Incentive Program (VSIP). Based on a work force analysis, Laboratory employees were placed into three categories relative to their eligibility for VSIP participation. Employees determined eligible to participate in the VSIP were those in classifications where skills would be needed in the future, but at a reduced level, and where functions were to be phased out. A second group of employees eligible for the VSIP were in classifications where reduction was not required, but voluntary separations would provide opportunities for consolidation and reductions. The number of individuals from this group allowed to participate in the VSIP was limited based on the need to meet mission objectives. The final group of employees was not eligible for the VSIP. They were in classifications identified as having skills critical to the ongoing mission of the Laboratory and replaceable only through external hire. VSIP features included separation payment incentives, medical benefit continuation, education assistance, relocation cost, and career assistance.

In FY 1996, 898 employees voluntarily separated from LLNL employment. There were 272 separations through VSIP participation and 626 separations through attrition. There were 285 positions reduced in FY 1997. Of the 285 reductions, 230 employees participated in the VSIP, and there were 55 net positions reduced through normal attrition.

II.4.3.3 Current Work Force Restructuring

Office of Worker and Community Transition

The Laboratory's Work Force Restructuring Plan was approved in FY 1998. Since the restructuring that occurred in FY 1996-1997, no further restructuring activity has occurred. As part of the normal business process, there were 23 involuntary separations without benefits in FY 1998 (Exhibit II.8). New hires exceeded gross attrition, therefore there were no net positions reduced through attrition.

	SITE: Lawrence Livermore National Laboratory	FY 1998			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)				
1.3	Net Positions Reduced Through Attrition				
2.0	Involuntary Separations (Severance Only)	23	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits	23			\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	23	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$158,794	\$115,536	\$274,330
4.1	Displaced Worker Medical Benefits	118		\$115,536	\$115,536
4.2	Relocation Assistance				
4.3	Separating or Separated Workers Using Outplacement				
4.4	Education Assistance for Separated Workers	169	\$158,794		\$158,794
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$158,794	\$115,536	\$274,330
6.0	NET POSITIONS REDUCED (Average Costs)	23	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Exhibit II.8. Lawrence Livermore National Laboratory Work Force Restructuring Summary

Outsourcing. There have been no outsourcing activities necessitating personnel reductions at LLNL.

Rehires. Seventeen employees who participated in the VSIP have been rehired by LLNL in categories other than regular career laboratory employees. Employees were rehired after the restrictions on future employment had expired.

II.4.3.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$274,300 for other benefits provided to employees separated in prior years (Exhibit II.8). Total enhanced benefits costs were \$158,800, while total program costs were \$115,500. The average cost of displaced worker medical benefits was \$1,000, and the average cost of education assistance was \$940 per recipient.

The annual savings in salary and benefits for the 23 positions reduced is \$1.6 million at no cost to the Department.

II.4.3.5 Outplacement

LLNL's Career Center provides employees with a variety of resources to assist in career management. Included are reference materials on job market information; qualifications for jobs inside and outside the Laboratory; job opportunities from other companies, the University of California and California State universities, and other Department of Energy Laboratories; employment trends; business directories and publications; a lending library with books, audio and video tapes concerning job search, career development, time management, managing change, leadership/management development, and aging and retirement. The Career Center has two computer workstations with access to the Internet and instructions on using the Web to find information on career development, education and training, and job openings. The computers can be used to write and print resumes. Employees across the Laboratory can access many of these resources on the Career Center's internal home page. Employees use one-on-one career counseling to help them conduct and review a self-assessment; discuss different career options; review and critique resumes; evaluate skills; and provide guidance for job search strategies or education. Workshops are offered each week on a variety of career related topics.

Preference in Hiring. There were no individuals eligible for preference in hiring.

II.4.3.6 Future of the Site

The Laboratory continues to focus its efforts on two of the nation's top priorities: stockpile stewardship and stemming the proliferation of weapons of mass destruction. Other major areas include energy, bioscience and environmental remediation. These activities necessitate a broad range of core strengths at the Laboratory. Ongoing biannual work force reviews are conducted to ensure hiring plans are consistent with programmatic needs and budgetary constraints.

As a result of the two work force reviews conducted in FY 1998, which encompassed career, term, and supplemental positions, the Laboratory determined that work force restructuring was not required for the immediate future.

II.4.3.7 Accomplishments and Lessons Learned

There have been a number of accomplishments and lessons learned at LLNL about the work force restructuring process.

- The Laboratory's work force restructuring efforts, including the voluntary separation incentive program, have been successful in achieving the goal of a job skills mix needed to meet current and anticipated needs. However, in retrospect, the level of benefits provided led to higher costs than may have been necessary to encourage voluntary separations. As a result, any future voluntary programs are expected to be less generous.
- The lack of a final, approved Plan during restructuring raised questions from stakeholders regarding the authority for Plan implementation.
- Extending the voluntary separation incentive program application period provided an opportunity for employees to make decisions and for management to make on-going skills needs assessments. However, the length of an extended application period should be weighed against resultant administrative issues.
- Closing the voluntary separation incentive program at the end of the calendar year presented tax-related participation issues for employees, which consequently complicated program implementation and may have affected the level of participation. Careful consideration should be given to the timing of any incentive program.
- The Laboratory has implemented several methods to assist in the transition of retained workers. The Laboratory's Director's Office review and approval of all postings (indefinite career, term career, and supplemental labor) was implemented in August 1996 to ensure that Laboratory-wide work force actions are consistent with voluntary separation incentive program requirements. The Laboratory Brokers Team continues to review Laboratory postings as needed to determine whether or not current Laboratory employees could potentially fill such postings. The Recruiting and Employment Division continues to utilize Resumix as a tool in assessing employee skills, knowledge and abilities, to enhance reassignment and retraining assessments.

II.4.4 Los Alamos National Laboratory

II.4.4.1 Background

Los Alamos National Laboratory (LANL) is one of twenty-eight Department of Energy laboratories and is managed for the Department by the University of California (UC). LANL is one of the largest multidisciplinary institutions in the world. It is the largest institution and the largest employer in Northern New Mexico, with approximately 6,800 University employees plus approximately 2,800 contractor personnel. Roughly one-third of the technical staff members are physicists, one-fourth are engineers, one-sixth are chemists and materials scientists, and the remainder work in mathematics and computational science, biological science, geoscience, and other disciplines. Professional scientists and students also come to LANL as visitors to participate in scientific projects. The staff collaborates with universities and industry in both basic and applied research to develop resources for the future.

Over the 50-year history of LANL, the primary mission has been to apply science and technology to problems of national security. However, well before the end of the Cold War, this mission expanded to encompass energy, economic competitiveness, and other national problems. Today, LANL focuses on reducing the global nuclear danger, as well as conducts large-scale, multi disciplinary research and development in hundreds of areas ranging from advanced manufacturing techniques to human genome studies, from alternative energy sources to new polymers. An important facet in meeting current missions is collaboration with private industry and universities.

II.4.4.2 History of Work Force Restructuring

A total of 516 employees were separated from the site in FY 1995, with 452 leaving voluntarily. An additional 64 were involuntarily separated. In FY 1996, 374 workers were separated, with 181 voluntary separations and 193 involuntary separations. Total separations at LANL through FY 1996 totaled 890 employees, with 71 percent of these employees separated voluntarily. There were no formal work force restructuring activities in FY 1997.

Work force restructuring in Fiscal Years 1995 and 1996 was driven by an effort to adjust the skill mix of the work force to place greater emphasis on scientific and technical positions, and in anticipation of budget reductions. Subsequently, the laboratory has secured additional tasks and associated funding that has resulted in an overall increase in employment to the approximate level prior to this restructuring. A settlement agreement was reached in FY 1998 with a group of displaced workers who had filed suit over their involuntary separations the fall of 1995 that has resulted in the rehiring of most of those who sought to return to work at LANL.

II.4.4.3 Current Work Force Restructuring

Office of Worker and Community Transition

There were no work force restructuring activities at LANL in FY 1998.

Outsourcing. There has been no outsourcing at LANL.

Rehires. To date, 77 of the 199 involuntary separations from FY 1995 have been rehired.

II.4.4.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$189,000, all were enhanced benefits costs incurred for previously separated workers (Exhibit II.9). The average cost of outplacement was \$480 per recipient and the average cost of education assistance was \$1,580 per recipient.

Exhibit II.9. Los Alamos National Laboratory Work Force Restructuring Summary

	SITE: Los Alamos National Laboratory	FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits					
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	0	\$0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$188,098	\$0	\$188,098	
4.1	Displaced Worker Medical Benefits					
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement	40	\$19,060		\$19,060	\$477
4.4	Education Assistance for Separated Workers	107	\$169,038		\$169,038	\$1,580
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$188,098	\$0	\$188,098	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	0	n/a	n/a	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

II.4.4.5 Outplacement

In FY 1998 outplacement assistance was made available to all former LANL employees. In collaboration with the local university, LANL sponsors a Career Resource Center providing outplacement assistance to all former employees.

Preference in Hiring. In July 1996, the Laboratory changed the preference-in-hiring program as a result of Department recommendations. Two primary themes of the enhanced preference-in-hiring program included improving communications with displaced workers and giving hiring preference to a displaced worker who is qualified for the job over an external candidate unless the hiring official can document a clear rationale for passing over the former employee. Laboratory senior management dedicated a full-time staffing professional to serve as an advocate for former employees pertaining to their re-employment.

Approximately 300 former employees involuntarily terminated since September 27, 1991, are eligible for preference-in-hiring consideration. Approximately 199 of those individuals were separated in FY 1995. The Laboratory stands on the record of its accomplishments in the rehiring of former employees terminated during the fall 1995 reduction in force. To date, the Laboratory has rehired 77 of the 199 employees involuntarily terminated. Ninety-eight of the 199 or 49 percent of employees involuntarily terminated are not seeking rehire with the Laboratory. In effect, the Laboratory will have rehired 77 (76 percent), of the former employees involuntarily terminated in FY 1995 and interested in returning to work at the Laboratory. Laboratory contractors that presently perform work at the Los Alamos site have hired another six former employees separated in the fall 1995 RIF. LANL has placed another 11 eligible former employees terminated from previous reductions in force through the enhanced preferential hiring program either with the Laboratory or its subcontractors.

The Laboratory has funded a full-time senior human resources professional whose primary responsibility is to provide personal assistance to the balance of the involuntary RIF pool who are still interested in reemployment at the Laboratory.

II.4.4.6 Community Transition

In July 1993, the Defense Adjustment Task Force (DATF) was created to oversee a regional planning program funded under a Department of Defense grant. The purpose of the program was to prepare a regional plan to deal with future Los Alamos National Laboratory downsizing related to defense program funding reductions. In FY 1995, the Department provided a grant to the DATF to assist the region in mitigating the economic impacts of downsizing. Through a cooperative agreement, the Department established Los Alamos County as the fiscal agent for funding projects, with the potential for reconsideration of the funding process once the CRO was established. The DATF disbanded in January 1996 with the completion of a regional plan entitled *Actions Toward Building a Self-Reliant Economy in the Tri-County Region*.

Office of Worker and Community Transition

As of September 30, 1998, a total of \$6.6 million has been committed to the CRO under a grant that gives them fiscal responsibility to manage both the remainder of the \$5 million in section 3161 funds that were originally committed to the DATF in 1995 and now total \$1.6 million, as well as an additional \$5 million. Therefore, a total of \$10.6 million Departmental funds has been committed to northern New Mexico; \$3.2 million of which has been spent. A total of 331 jobs have been created or retained, with an additional 1,400 projected by the year 2001.

Exhibit II.10 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$890,000	\$756,000	143	\$5,287	490
Financing Programs	\$750,000	\$409,806	38	\$10,784	100
Reuse of On Site Assets					
Training	\$1,150,000	\$713,639	143	\$4,990	956
Land, Facilities, Research and Development Assistance	\$360,000	\$339,000			175
Planning / Program Management	7,515,160	963,338	7	\$137,620	7
Totals	10,665,160	3,181,783	331	\$9,613	1,728

Exhibit II.10 Los Alamos Community Transition Funding and Job Creation

The Regional Development Corporation (RDC) was established in July 1996 as a not-for-profit organization formed to administer the community transition funds provided by the Department for local impact assistance. In FY 1996, the Department recognized the RDC as the CRO for Northern New Mexico community transition. The RDC's mission is to organize and implement an economic diversification and development program for north central New Mexico. The RDC assists the region by developing economic development projects that can redeploy the highly skilled, well-trained and educated work force developed for LANL's site missions and to find potential new productive uses for land, facilities, and equipment as they become available.

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- The Entrepreneurial Development Program includes the following projects: City of Espanola Business Incubator, which has completed construction and created 100 jobs; the Santa Fe Business Incubator, which is also constructed and is occupied by staff and

tenants thus resulting in 25 jobs; the Santa Fe County Water Improvement project is in the construction phase and therefore has not created any jobs to date. Total jobs created in this program area is 143.

- Training programs include a Tri-County Regional Training Program that hired and trained 43 employees in Santa Fe and a Santa Fe Community College, project which has created 100 jobs for a total of 143 jobs in the training programs area to date. The DATF had recommended funding to the New Mexico Economic Development Department's existing training program. The funding is intended to provide industry-specific training opportunities for former employees and subcontractor employees who were impacted by the reductions-in-force at LANL.
- The Land, Facilities, Research and Development Assistance Program includes the following projects: Rio Arriba Land Trust Association; and the Los Alamos County Land Trust Corporation. These projects are in the planning stages and have not resulted in actual job creation at this time.
- *Revolving Loan Fund* - Total loans committed and closed to date is \$409,806. Matching funds total \$397,000. Total loan fund is \$750,000. The Fund has resulted in the creation of 38 jobs.
- *Targeted Training Fund* - This fund was initiated with the New Mexico Economic Development Department in January 1998. To date, \$330,950 of the total \$750,000 sub-recipient award has been allocated for training.
- *Santa Fe Business Incubator* - The project has been completed. The building is occupied by Incubator staff and tenants.
- *Santa Fe Community College* - The project has significantly improved the ability of the College to serve displaced ex-LANL workers and contribute to regional economic development. Enhancements to College services include an upgrade to the Flex Lab, Internet access for the Learning Resource Center, a Career Development Center, and distance education capabilities improvements.
- *Eight Northern Indian Pueblos Council, Inc.* - The project has been completed. An open house is scheduled for the Department, the RDC, the eight Pueblo Governors, and media representatives to showcase their new telecommunications capabilities. Project accomplishments include improved business development and management capabilities with the telecommunications and related office hardware and software upgrades. The project has significantly improved the entrepreneurial development potential for the Council members.

- *Vallecitos Mill* - This project received a grant of \$200,000 in March 1998 for reopening of a lumber mill in Rio Arriba County in Northern New Mexico as a job creation initiative. The mill is expected to be operational by November 1998. The project has created 18 jobs.
- *Strategic Learning Services (SLS)* - The contract with Los Alamos National Laboratory (LANL) is designed to promote capacity building by increasing the local and regional procurement activities from the Laboratory. The goals of the contract are to increase the Northern New Mexico prequalified-supplier base by 150 and to increase Northern New Mexico procurement awards by \$2.5 million by the end of FY 1998. SLS has made significant progress with both target goals. Currently, procurement dollars in Rio Arriba County total over \$2 million, with pending awards of over \$4 million.
- The Albuquerque Operations Office and Sandia National Laboratories are working collaboratively with the City of Albuquerque to define and establish a grant to the City to develop a strategy for diversifying the work force and economy to achieve integrated economic development.
- The Albuquerque Operations Office has been working with the Carlsbad Department of Development to estimate jobs created based on training at the Advanced Manufacturing Center. New Mexico State University has operated the facility since it's opening April 1997 and has trained over 700 people.

Exhibit II.11 on the next page provides a summary of all projects funded between FY 1993 and September 30, 1998.

Office of Worker and Community Transition

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Revolving Loan Fund	\$750,000	\$409,806	38	\$10,784	100
Tri-County Regional Training Program	\$750,000	\$330,950	43	\$7,697	100
City of Espanola Business Incubator	\$390,000	\$351,000	100	\$3,510	120
Rio Arriba Land Trust Association	\$60,000	\$39,000			
Northern New Mexico Community College	\$200,000	\$189,689			56
University of New Mexico- Los Alamos	\$100,000	\$95,000			150
City of Santa Fe/ Projects: Business Incubator; TRADE; Airport Planning	\$200,000	\$180,000	25	\$7,200	100
Santa Fe Community College	\$100,000	\$98,000	100	\$980	500
Santa Fe County: Water Improvement Project	\$100,000	\$100,000			250
Eight Northern Indian Pueblos	\$150,000	\$139,000			150
Los Alamos County: Land Trust Corporation	\$300,000	\$300,000			175
Regional Development Corporation	\$6,660,160	\$339,338	2	\$169,669	3
Los Alamos County: Cooperative Agreement	\$135,000	\$135,000	1	\$135,000	
Vallecitos Mill	\$200,000	\$125,000	18	\$6,944	20
Strategic Learning Services	\$570,000	\$350,000	4	\$87,500	4
Totals	\$10,665,160	\$3,181,783	331	\$9,613	1,728

Exhibit II.11 Los Alamos Funding and Job Creation by Program Area

II.4.4.7 Future of the Site

LANL is not anticipating any major work force restructuring in FY 1999.

II.4.4.8 Accomplishments and Lessons Learned

Accomplishments and lessons learned include:

- The University of California has extended preference-in-hiring benefits to former LANL employees for UC employment as long as they re-certify their eligibility and interest on an annual basis.

- LANL has made accommodations to provide training to rehired employees within three months from the date of rehire, at no cost to the hiring organization.
- LANL requested and received Department of Energy and University of California approval to reinstate vacation and sick leave accrual rates previously held by section 3161 eligible former Laboratory employees when rehired by the Laboratory.
- LANL provides funding and support to the University of New Mexico/Los Alamos career center. Former employees are encouraged to use the support and services at the university career center, community colleges and Laboratory outreach centers.
- LANL continues to provide Tuition Reimbursement Program support of \$10,000 for four years. Approximately 240 eligible former employees (both involuntary and voluntary reduction) are using the tuition benefit.

II.4.5 Nevada Test Site

II.4.5.1 Background

The Nevada Test Site (NTS), located 65 miles northwest of Las Vegas, Nevada, is the nation's only facility for conducting underground nuclear weapons tests. The 1,350-square mile site is bordered on three sides by the Nellis Air Force Bombing and Gunnery Range.

In 1992, President George Bush signed into effect the Hatfield Amendment, which imposed a nine-month nuclear testing moratorium to be in effect until at least July 1, 1993. The Hatfield Amendment states that testing after July 1, 1993, is possible only upon submission of a report by the President indicating, *inter alia*, the number and type of nuclear weapons tests to be conducted. Subsequently, the President announced an extension of the moratorium during which time diplomatic negotiations of a comprehensive test ban are expected to proceed. No testing has been conducted at the NTS since September 27, 1992.

II.4.5.2 History of Work Force Restructuring

Work force restructuring at the Nevada Test Site began in FY 1988. The site reduced over 1,200 employees prior to the implementation of section 3161. Between FY 1993 and FY 1997 there have been 4,290 separations, 47 percent were voluntary, and 53 percent were involuntary. There have been early retirement incentives, nonretirement voluntary separations, involuntary separations, and positions reduced through attrition.

II.4.5.3 Current Work Force Restructuring

In FY 1998, the number of involuntary separated employees was significantly lower than in FY 1997. Only 13 employees were separated with severance benefits and 100 without severance benefits (Exhibit II.12). These separations were to correct skill mix and also reflect normal ebb and flow of craft workers. There were 321 separations through attrition. New hires exceeded gross attrition; therefore, there were no net positions reduced through attrition.

Outsourcing. There were no outsourcing activities in FY 1998, and as a result, no layoffs in FY 1998 were attributed to outsourcing.

Rehires. Bechtel Nevada (BN) and Wackenhut Services Inc. (WSI) rehired 32 individuals in FY 1998 who separated previously by a prime contractor at the Site. Twenty-one of these individuals were rehired as full-time employees and six were rehired as casual workers. The severance payback period had elapsed for all these rehires. As these full-time employees were rehired, their section 3161 education and health benefits were terminated. However, the casual workers may

still be eligible for section 3161 benefits depending upon their employment agreement with BN or WSI.

II.4.5.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$957,000. Total enhanced benefits costs were \$524,300, while total program costs were \$432,800. The average estimated fully-burdened cost per involuntary separation was \$7,200 (Exhibit II.12 on the following page). The average cost of displaced worker medical benefits was \$3,600 and average cost of education assistance was \$1,800. Twenty-eight people received outplacement assistance at no additional cost to the Department.

The annual savings in salary and benefits for the 113 positions reduced is \$8.1 million, for a one-time cost of \$957,000.

II.4.5.5 Outplacement

Bechtel Nevada provides internal outplacement services in coordination with external services provided by the State of Nevada Job Training Office and Nevada Business Services. Services include career counseling, resume writing, access to computers and printers, including JOBBS, and the posting of job positions within other Department of Energy sites, local businesses, and managing and operating contractor corporate offices. Nevada's Job Training Office conducts briefings that provide information about employment security, consumer credit counseling services and union apprenticeship programs.

In addition, the outplacement firm StarAccess provides its package career transition services for both the Department of Energy contractors, as well as Department of Energy Federal employees.

Office of Worker and Community Transition

	SITE: Nevada	FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	113	\$0	\$48,216	\$48,216	\$427
2.1	With Benefits	13	\$0	\$48,216	\$48,216	\$3,709
2.1.1	Non-construction workers	13		\$48,216	\$48,216	\$3,709
2.1.2	Construction workers					
2.2	Without Benefits	100			\$0	\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	113	\$0	\$48,216	\$48,216	\$427
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	4			\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$524,279	\$384,549	\$908,828	
4.1	Displaced Worker Medical Benefits	107		\$384,549	\$384,549	\$3,594
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement	28			\$0	\$0
4.4	Education Assistance for Separated Workers	286	\$524,279		\$524,279	\$1,833
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$524,279	\$432,765	\$957,044	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	113	n/a	n/a	n/a	\$827
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	13	n/a	n/a	n/a	\$7,188
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.12. Nevada Work Force Restructuring Summary

Preference in Hiring. When attempting to fill a position, BN and WSI first look at separated employees with preference in hiring. The files of separated employees with preference in hiring are forwarded to supervisors for review. In FY 1998, BN hired 27 individuals who were affected by a previous downsizing, and WSI hired five. The pool of former employees eligible for preference in hiring continues to shrink as only a modest number send in their annual request to be maintained on the list. At present, there are 37 individuals on the list.

II.4.5.6 Community Transition

The Nevada Test Site Development Corporation (NTSDC) was created in June 1995 as the Community Reuse Organization (CRO) for community transition in the Nevada Test Site (NTS) area. It is a nonprofit entity that facilitates the development of sustainable private, commercial

activities that maximize utilization of Department of Energy resources, expand nongovernment opportunities, and add long-term value to the regional economy.

As of September 30, 1998, a total of \$12.5 million has been committed for community transition activities in Nevada, \$7.8 million of which has been spent. Of this total expenditure, \$5.1 million has been spent by the NTSDC and \$2.7 million by the Corporation for Solar Technology and Renewable Resources (CSTRR). A total of 1,666 jobs have been created or retained, with an additional 1,030 jobs projected by the year 2001. Exhibit II.13 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$550,000	\$276,549	86	\$3,216	175
Financing Programs	\$5,118,230	\$1,893,161	120	\$15,776	250
Reuse of On Site Assets	\$210,200	\$116,965	11	\$10,633	150
Training	\$200,000	\$200,000	755	\$265	900
Land, Facilities, Research and Development Assistance	\$4,707,300	\$3,777,225	177	\$21,340	315
Planning / Program Management	\$1,734,270	\$1,561,424	517	\$3,020	908
Totals	\$12,520,000	\$7,825,324	1,666	\$4,697	2,698

Exhibit II.13 Nevada Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the NTSDC:

- NTSDC continues to work towards the development of a subpermit as a result of the general use permit that was signed by former Department Secretary Peña in August 1997. Kistler Aerospace continues its testing of launch vehicle components and is providing documentation to the Federal Aviation Administration for licensing as required. Kistler is also developing a site in Australia where test flights will be performed in preparation for its U.S. operations. Kistler remains committed to the NTS for its domestic operation.
- NTSDC's first business to locate at the NTS occupied an unused facility, Engine Maintenance Assembly & Disassembly Facility, beginning February 1, 1998. NTSDC facilitated siting through an economic development use permit, subpermit, business

development loan in the amount of \$300,000, as well as property transfer. Fluid Tech's business at the NTS has grown to the point where it has requested additional space be made available for them to expand its operation.

- *Alternative Fuel Initiative* - A Memorandum of Understanding (MOU) was signed by the NTSDC, DOE, and the Las Vegas Motor Speedway relative to alternative fuel testing and demonstration. This MOU paves the way for future alternative fuel initiatives that may be sited at NTS. The agreement was also signed with Clark County to cooperate on projects that contribute to a cleaner environment. Other energy-related activities include a partnership with NRG Technologies, Clark County, City of Las Vegas, DOE, and Nevada State Energy Office, which resulted in the "Haze Buster," a Ford Crown Victoria equipped with hydrogen compressed natural gas (HCNG) to be used as a demonstration vehicle in coordination with the school district. A partnership agreement was also signed with Oak Ridge National Laboratory for new product development and testing of energy-related building equipment technology and hydrogen fuel demand side market development. This project will bring the above new products to commercialization.
- Analytical laboratory property, with an acquisition value of \$210,000, was transferred to NTSDC for expanding laboratory services in the region. The property was provided to Rocky Research, that in September 1998, announced its contract with Union Carbide to provide for heat transfer fluid analyses.
- *Hydrogen Enriched Lean Burn Project* - NTSDC committed \$335,000 to this project to facilitate the development of hydrogen-powered stationary engine technologies.
- In November 1997, NTSDC committed \$198,000 in a joint venture with Nye County to study the feasibility of an industrial complex adjacent to the NTS. The Nevada Science and Technology Corridor will provide a business location for companies that service tenants DOE at the NTS. The study was completed in March 1998, and in July 1998, an additional \$340,000 was allocated for Stage Two, which includes infrastructure development.
- In January 1998, \$145,000 was allocated to develop a master plan for expanded use and commercial development of the Desert Rock Sky Park with an Existing Conditions Report and Concept Development Plan as the deliverables. This effort will complement the Nevada Science and Technology Corridor.
- In March 1998, the NTSDC Board approved funding in the amount of \$243,000 for a feasibility study and financial plan for the Nevada Science and Technology Center. If pursued, the center will provide a place where Nevada-based science and technology discoveries and developments would be displayed in an interactive format. The center is a component of the Nevada Science and Technology Corridor mentioned above.

- In May 1998, \$110,000 was allocated to the Lincoln County Partnership. The funding provides for a feasibility study, target industry analysis, location siting study, and labor force analysis, which will help to determine the types of businesses that would complement Lincoln County's economy and location. This is another project based on NTSDC's commitment to the rural counties affected by NTS downsizing.
- In September 1998, NTSDC submitted a response to Lockheed Martin's request for qualifications for siting the VentureStar (NASA's replacement for the space shuttle) at the NTS. If sited, over 2,000 high-value jobs would be created, and extended facility reuse at the NTS would be realized.
- During 1998, NTSDC participated with its partners Epic Productions in the development and production of a major GlobeEx Conference, "The National Energy Conference on the Future of Alternative and Sustainable Technologies." The conference took place in October 1998.

The following information provides an update on the major accomplishments of selected projects funded by CSTRR:

- Activities have included ongoing negotiations with affected parties on a 10 MW solar power project. CSTRR, Nevada Power Company, and Sierra Pacific Power Company sponsored a satellite downlink discussing the Million Solar Roofs Initiative. CSTRR is acting as an advocate for advancing the Million Solar Roofs Initiative in Nevada.
- CSTRR sponsored a conference for home builders, architects, community developers, local government officials, utility officials, and other interested parties focusing on energy efficiency and solar technology integration in new home construction and retrofitting. Financing information was also made available.
- Nevada Power Company initiated their Green Power Program for customers. The program, which CSTRR supported and participated in developing, allows customers to round up their monthly power bill or contribute a specific amount to a fund to purchase solar systems to feed the grid power of Nevada Power Company.
- The DOE Golden Solicitation award granted to CSTRR and partners (Pulte Homes, Nevada Power Company, Nevada State Energy Office, and the Universities of Nevada, Las Vegas, and Reno) for the development of markets for solar water heating systems in Las Vegas and Phoenix.

Exhibit II.14 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Implementation	\$8,800,000	\$4,373,434	885	\$4,942	1,910
Communications System for State Economic Development Authorities	\$200,000	\$200,000	755	\$265	755
Community Reuse Organization Initial Operations Startup	\$500,000	\$500,000	18	\$27,778	18
Corporation for Solar Technologies and Renewable Resources	\$3,000,000	\$2,731,890	8	\$341,486	15
Establish Community Reuse Organization	\$20,000	\$20,000	0		0
Totals	\$12,520,000	\$7,825,324	1,666	\$4,697	2,698

Exhibit II.14 Nevada Funding and Job Creation by Program Area

II.4.5.7 Future of the Site

Based on funding identified in the FY 1999 House and Senate Energy and Water Appropriation reports and DOE/NV's current understanding of funding adjustments to be made by DOE Headquarters Program Offices, projections for FY 1999 indicate that Bechtel Nevada will separate less than a hundred employees. Adjustments to the mix of skills required to perform the FY 1999 scopes of work and the further need for efficiency of operations are the anticipated cause of these reductions. Any separations that take place are expected to occur sporadically throughout the year.

II.4.5.8 Accomplishments and Lessons Learned

Both BN and WSI have successful preference-in-hiring programs as mentioned above.

II.4.6 Oak Ridge Complex

II.4.6.1 Background

The Oak Ridge Complex is a large and diverse multi-disciplinary enterprise that spans the technology development continuum from purely basic science to full-scale production deployment capability. The Complex includes the East Tennessee Technology Park, the Y-12 Plant, the Oak Ridge National Laboratory, and the Oak Ridge Institute for Science and Education. These facilities have been developed over the past 50 years and provide a formidable resource to develop and deploy basic and applied research and production technologies to assist U.S. industry. Over the years, the missions of the Oak Ridge facilities have changed to reflect the nation's needs and global events.

East Tennessee Technology Park. The East Tennessee Technology Park (ETTP), formerly the K-25 site, was built in the 1940s as part of the U.S. Army's Manhattan Project and was home of the Oak Ridge Gaseous Diffusion Plant. The Plant's mission was production of highly enriched uranium for nuclear weapons. From 1964 to the mid-1980s, the Plant's primary mission was production of only slightly enriched uranium to be fabricated into fuel elements for nuclear reactors. By 1985, demand for enriched uranium had declined, and the gaseous diffusion cascades were placed in standby mode. In late 1987, the Department announced the decision to permanently shut down the diffusion cascades, and actions necessary to implement that decision fully were initiated soon thereafter. In 1997, the site was renamed East Tennessee Technology Park to reflect its new mission of reindustrialization and reuse of site assets through leasing to and partnering with private industry.

In 1998, the site changed from a Management and Operating (M&O) contract to a Management and Integration (M&I) contract. In order to minimize transition costs, the majority of the ETTP workforce transferred to the M&I or one of its principle subcontractors, or remained in the current contractor workforce. The mission of the ETTP has evolved into the reindustrialization and reuse of site assets (i.e., facilities, equipment, materials, utilities, and trained workforce) through leasing of vacated facilities and incorporation of commercial industrial organizations as partners in the ongoing environmental restoration, decontamination and decommissioning, waste treatment and disposal, and diffusion technology development activities.

Y-12. The Y-12 Plant was also constructed as part of the World War II Manhattan Project. It originated as a facility to separate Uranium-235 used in the first atomic bomb. During the Cold War years the Plant became a precision manufacturing facility. With the end of the Cold War, Y-12's mission shifted from nuclear weapons component production to weapons disassembly, storage and management of special nuclear materials, and evaluation of the nuclear stockpile. The Plant's primary missions today include production of complex components and assemblies; safe and secure storage of nuclear materials; dismantlement, disposition, evaluation, and assessment of weapons components; transition of the plant size to meet Department needs; transfer of

technology to private industry; maintenance of Department capabilities; and support of other national priorities. The Oak Ridge Centers for Manufacturing Technology (ORCMT), located on the Y-12 Plant site, applies skills, capabilities, and facilities developed over the 50-year history of the Oak Ridge Complex to a variety of peacetime missions.

Oak Ridge National Laboratory. The Oak Ridge National Laboratory (ORNL) was founded in 1942 during the Manhattan Project and is currently the most programmatically diverse of the Department's five multiprogram energy laboratories. In support of the Department's missions, ORNL conducts basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increases the availability of clean, abundant energy; restores and protects the environment; and contributes to national security. ORNL is a primary performer of research and development in the basic energy science, energy efficiency, environmental science and technology, nuclear physics, and biological sciences.

Oak Ridge Institute for Science and Education. Oak Ridge Institute for Science and Education (ORISE) was established in 1946 to develop and provide capabilities critical to the nation's science and technology infrastructure, particularly in energy, education, health and the environment. The mission of ORISE includes developing critical research and operational capabilities in work force health and safety, national security, environmental assessments, science education, and technical training for Department of Energy and other governmental agencies.

II.4.6.2 History of Work Force Restructuring

Work force restructuring within the Oak Ridge Complex begins with comprehensive work force planning. Under the direction of senior management and the human resources organization, programmatic budgets and needs are evaluated in regards to work force needs. Support and service organizations prepare work force projections in accordance with steadily declining overhead budgets. The results of all studies are compiled, and work force impacts determined. Work force planning is an ongoing process; however, work force restructuring impacts are reviewed as necessary by the managing and operating contractors and the Department.

Work force restructuring at the Oak Ridge Complex began in FY 1993. There were 3,837 separations from FY 1993 through FY 1997; 69 percent were voluntary and 31 percent were involuntary.

ETTP and Y-12. From FY 1993 through FY 1997, there have been seven work force restructuring activities at ETTP and Y-12. Of the total separations, 67 percent were voluntary and 33 percent were involuntary reductions. Voluntary programs have included two retirement incentives (in 1994 and 1996) and five Voluntary Reduction-in-Force (VRIF) programs (i.e.

normal severance packages). The voluntary reductions have served to reduce involuntary reductions considerably while preserving the critical skills necessary to support the facility's missions. The percentage of voluntary reductions in FY 1997 was lower than in previous years since the personnel reduction targeted specific programs.

ORNL. From FY 1993 through FY 1997, there have been seven work force restructuring programs at ORNL. Each program included a voluntary opportunity to minimize the number of involuntary reductions. Of the total separations, 86 percent were voluntary, and 14 percent were involuntary reductions. Voluntary programs have included one retirement incentive in FY 1994, one enhanced severance package in FY 1996, and five VRIF packages. These voluntary programs have helped to successfully mitigate involuntary reductions and have also ensured the preservation of critical skills needed to meet ORNL's multiprogram research and development mission. Voluntary programs continue to offer an attractive option for employees who wish to retire or terminate their employment while eliminating the need for an involuntary termination.

Major Laboratory initiatives in neutron sciences, functional genomics, and high-performance computing require the addition of specialized scientific and technical staff concurrent with restructuring in declining or completed programs. Members of the scientific and technical staff are generally not interchangeable between disciplines and may not be interchangeable within a discipline. Work force additions occur in areas where the needed expertise is not available. The Laboratory's work force changes, including concurrent separations, are consistent with its mission.

ORISE. Work force restructuring at ORISE began in FY 1995. Because ORISE did not receive funding for work force restructuring from FY 1995 through FY 1997, an enhanced voluntary separation program was not offered. However, a voluntary separation program, without enhanced severance, was offered on a limited basis. Of the total separations from FY 1995 through 1997, 30 percent were voluntary, and 70 percent were involuntary reductions.

II.4.6.3 Current Work Force Restructuring

A total of 473 positions at the Oak Ridge Complex were reduced in FY 1998, 67 percent voluntary and 33 percent involuntary (Exhibit II.15 on the following page). An additional 73 workers were placed internally without retraining.

ETTP. There was no work force restructuring at ETTP in FY 1998.

Office of Worker and Community Transition

SITE: Oak Ridge		FY 1998			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	317	\$0	\$4,263,108	\$4,263,108
1.1	Early Retirement				\$13,448
1.2	Non-Retirement Voluntary Separations (Severance Only)	213		\$4,263,108	\$20,015
1.3	Net Positions Reduced Through Attrition	104			\$0
2.0	Involuntary Separations (Severance Only)	156	\$0	\$2,628,539	\$16,850
2.1	With Benefits	152	\$0	\$2,628,539	\$17,293
2.1.1	Non-construction workers	152		\$2,628,539	\$17,293
2.1.2	Construction workers				
2.2	Without Benefits	4			\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	473	\$0	\$6,891,647	\$14,570
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining	73			\$0
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$599,325	\$678,330	\$1,277,655
4.1	Displaced Worker Medical Benefits	386		\$678,060	\$1,757
4.2	Relocation Assistance	2	\$4,681		\$2,341
4.3	Separating or Separated Workers Using Outplacement	1,091	\$474,768	\$270	\$435
4.4	Education Assistance for Separated Workers	88	\$119,876		\$1,362
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$599,325	\$7,569,977	\$8,169,302
6.0	NET POSITIONS REDUCED (Average Costs)	473	n/a	n/a	\$17,255
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	213	n/a	n/a	\$23,494
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	152	n/a	n/a	\$20,772
9.0	Other Separations	11	\$0	\$120,833	\$10,985
9.1	Voluntarily Separated				
9.2	Involuntarily Separated	11		\$120,833	\$10,985

Exhibit II.15. Oak Ridge Work Force Restructuring Summary

Y-12. In January 1998, LMES projected that its total workforce needed to be reduced by 200-300 employees during FY 1998. The reductions were attributed to declining budgets, changes in work scope, skills mix issues, and reorganization of LMES following the M&I transition. Work force restructuring reductions occurred in March, April, and May 1998. A total of 226 employees were terminated including 67 (30 percent) involuntary reductions, and 159 (70 percent) voluntary reductions.

ORNL. In November 1997, ORNL projected a need to reduce the work force by approximately 300 positions during FY 1998. This included an estimated 100 positions lost due to changing FY 1998 programmatic budgets and up to an additional 200 positions affected by anticipated changes for FY 1999. Affected programs included Energy Research, Environmental Management, and Support and Service functions. In January 1998, ORNL announced the need to reduce 85 positions by March 31, 1998. Forty-seven employees were terminated including 27 involuntary

reductions and 20 voluntary reductions. As part of ORNL's work force planning activities, an estimated 150-175 positions will be affected by anticipated FY 1999 budgets.

Up to 30 employees were separated involuntarily, and an additional 39 separated with a voluntary reduction in force on September 30, 1998.

ORISE. During FY 1998, ORISE has continued its pattern of involuntary reductions in force due to loss in funding. These reductions occurred throughout the year, as necessary. In addition, ORISE sustained reductions in force following a significant organization-wide realignment effective in January 1998. During FY 1998, 39 involuntary reduction-in-force letters were issued at ORISE in Oak Ridge. Twenty-seven employees left the payroll, five were placed internally and seven are pending with termination dates in October and November. Because of the organization-wide realignment and the closing of the Cytogenetic program, several higher paid employees were reduced which accounts for higher than projected separation costs for FY 1998. In addition to the Oak Ridge reductions, five reduction-in-force letters were issued at off-site locations. Four have left the payroll and the fifth is scheduled to leave in October. The off-site employees are not included in the Oak Ridge numbers. In addition to the FY 1998 reductions, ORISE issued eight additional letters (seven in Oak Ridge and one in Washington, DC) with termination dates during October and November 1998.

ORISE offered educational assistance benefits for the first time in FY 1998 with three individuals participating in the program. Three additional former employees have indicated an interest in the program and will begin taking courses in FY 1999.

Outsourcing. Lockheed Martin Energy Systems (LMES), a prime contractor within the Oak Ridge Complex previously outsourced Records Management resulting in four separations. During FY 1998, the outsourcing process began for Travel Services (12 employees) and Information Technology Services (400 employees). These two outsourcing contracts will be awarded during FY 1999.

The Oak Ridge National Laboratory formally established a Make-or-Buy Program in March 1996. Studies follow the published Make-or-Buy Plan, dated January 1997, which identifies the process steps for function evaluation and final recommendation. The following functions have been studied: environmental sampling, sanitary waste collection and transportation, medical services, physical therapy services, safety glasses administration, cafeteria operations, custodial services, and staffing services. To date, the cafeteria operations, custodial services, and staff services studies have identified the potential for outsourcing. Cafeteria operations and custodial services are part of the ongoing ORNL reengineering activities designed to reduce cost. Several staffing services tasks have been approved for outsourcing.

Rehires. Fifty-three former employees from ORNL and LMES have been rehired during FY 1998 at the Y-12 Plant. This number includes 33 craft workers, 17 security police officers, one

nonexempt, and two exempt staff. Preference in hiring was given to those former employees who were section 3161-eligible. In addition to the Y-12 Plant activity, Bechtel-Jacobs at the ETTP site has recalled 36 craft workers to their former positions. Individuals who are reemployed prior to the end of the period covered by their severance pay will refund the difference.

There were no rehires at ORNL. There were no positions filled in FY 1998 that were previously vacated through restructuring. ORNL's voluntary reduction-in-force program requires the elimination of an involuntary reduction or the loss of position that will not be filled for a period of at least one year.

One employee reduced in FY 1997 was rehired at ORISE during FY 1998. Another employee, reduced in FY 1998, was rehired into the clerical pool. ORISE continues to look for positions on an ongoing basis for those who have preference in hiring. Also four former ORISE employees were hired by other DOE contractors and subcontractors in Oak Ridge during FY 1998. All rehired employees were involuntary reductions.

II.4.6.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$8.2 million. Total enhanced benefits costs were \$599,000, while total program costs were \$7.6 million. The average estimated fully-burdened cost per voluntary separation was \$23,500. The average estimated fully-burdened cost per involuntary separation was \$21,000 (Exhibit II.15). The average cost of displaced worker medical benefits was \$1,800, the average cost of relocation assistance was \$2,300, outplacement was \$435, and education assistance was \$1,400.

The annual savings in salary and benefits for the 473 positions reduced is \$34 million, for a one-time cost of \$8.2 million.

II.4.6.5 Outplacement

Lockheed Martin Energy Systems (LMES), a prime contractor within the Oak Ridge Complex, operates a Career Center for the use of all Department of Energy Federal, contractor, and subcontractor displaced employees. The Career Center is operated as a team effort by Lockheed Martin Energy Systems and StarAccess and is jointly funded by ORO and the Office of Worker and Community Transition. The Career Center offers a variety of services such as resume preparation; correspondence assistance; computer access; job-search training; one-on-one counseling; copy, fax and telephone service; workshops; reference library; unadvertised job leads; and success teams. In FY 1997, the Career Center moved to an offsite location and doubled space, adding 41 computers for the use of contractor employees affected by downsizing efforts. In addition to the Career Center, job-search counselors are provided by StarAccess, which is

funded by the Office of Worker and Community Transition. The state of Tennessee, Department of Labor's Workforce Network (formerly the Job Training Partnership Act) also has a staff member in the Career Center in order to assist laid off employees with state-provided benefits.

In FY 1998, there were approximately 6,650 contractor employee visits to the Career Center and 712 new customers. There were 122 workshops offered by the Center with total workshop attendance over 1,350. Some individuals participated in more than one workshop. In addition, weekly Success Team meetings were held. A local job-lead developer has posted over 31,600 jobs during the year. The job-lead developer has concentrated efforts in finding jobs in the East Tennessee area since many of the local employees do not want to move to another location. The Career Center and Roanne State Community College (a C²Net member) sponsored a very successful Job Fair at the local mall in April 1998. Over 60 employers participated in the Fair.

While it is difficult to accurately track former employees who have found jobs since receiving layoff notices, over 300 former employees notified the career center that jobs were found during the year. In addition to those successfully finding jobs, several former employees chose retirement or going to school full-time.

In addition to assistance they received at the LMES Career Center, ORISE provides initial assistance and some follow-up to its employees under notice of reduction-in-force.

Preference in Hiring. Each contractor has been instructed to establish policies for implementing the preference-in-hiring requirement. Contractors have posted resumes for displaced workers onto the Job Opportunity Bulletin Board System (JOBBS). Employees eligible for the preference are identified as Cold War workers. Whenever openings occur, employees currently on an impacted list with reduction-in-force notices in-hand are considered for first job priority placement. Next, the positions are open for internal job bids with the company. If no qualified candidates are found internally, the staffing offices of each contractor consults the JOBBS database and looks for displaced workers who are identified as Cold War workers. Finally, priority is given to former company employees who are qualified for the job. There are currently 108 separated workers from LMES who are eligible for preference-in-hiring consideration. Fifty-three employees were placed in LMES in FY 1998 due to their preference-in-hiring status.

The Oak Ridge National Laboratory has participated in the Oak Ridge Complex development and review of a preference-in-hiring policy for the area contractors. During FY 1998, ORNL posted 9 want ads and 44 resumes, including 32 Cold War workers, on JOBBS. Other actions this fiscal year included: updating ORNL's employer profile, maintaining the link to ORNL's employment home page, and searching JOBBS on a regular basis to ensure familiarity with available resumes and to identify candidates to fill job openings. No candidates were hired as a result of preference in hiring. However, ORNL did contact and interview candidates with hiring preference and they were either not interested in employment or not qualified for the opening.

II.4.6.6 Community Transition

The Community Reuse Organization of East Tennessee (CROET) was established in November 1995, replacing the East Tennessee Economic Council as the local Community Reuse Organization (CRO). The CROET is a not-for-profit economic development organization whose purpose is to assist the private sector in creating quality jobs in the region by using the under-utilized land, facilities, equipment, personnel, and technologies available at the Oak Ridge Complex. As the CRO for the region, CROET provides the community's single voice to the Department for community transition issues.

The Community Reuse Organization of East Tennessee (CROET) continues to be involved in leasing agreements achieving the reindustrialization of the East Tennessee Technology Park and helping foster economic development in the affected communities through Federal grants. As of September 30, 1998, a total of \$48.8 million has been committed to the CRO and the Management and Operating contractor; \$36.5 million of which has been spent. A total of 3,183 jobs have been created or retained, with an additional 2,400 projected by the year 2001. Exhibit II.16 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development					
Financing Programs	\$2,000,000	\$1,892,694	200	\$9,463	400
Reuse of On Site Assets	\$4,975,000	\$865,053	161	\$5,373	279
Training	\$19,222,000	\$18,298,166	1,273	\$14,374	1,341
Land, Facilities, Research and Development Assistance	\$20,160,000	\$14,060,332	1,542	\$9,118	3,545
Planning / Program Management	\$2,395,000	\$1,367,699	7	\$195,386	15
Totals	\$48,752,000	\$36,483,944	3,183	\$11,462	5,580

Exhibit II.16 Oak Ridge Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CROET:

- The Energy and Materials Corporation (EMC) will clean out East Tennessee Technology Park buildings and build a waste treatment center. EMC will hire about 200 workers over

five years and is committed to hiring current and former K-25 workers as well as maintaining the going wage rate at the site.

- The CROET approved a sublease to CC/Pall for more than 50,000 square feet to make a new type of filter material with a wide range of uses. This will put a previous Department of Energy technology back into use.
- Development.com (formerly Blue Ridge Development Corporation) has leased a building to operate a business incubator. The company was formed to invest in new businesses and has two high-tech firms that will result in 75 new jobs. The company is providing full funding for the lease up front so that CROET can apply the funds to cleaning up other buildings on the site.
- CROET approved the sublease of a sandblast building at the East Tennessee Technology Park to Strip Technologies of America Inc. (STA), a Knoxville company that refurbishes industrial parts. The company will hire about 10 workers over the first five years of its lease. STA's Oak Ridge facility will concentrate on the commercial and fleet operations customers, while providing safe, effective, efficient and environmentally-sound blasting methods for the removal of paint and other coatings.
- Infrared Technologies, Inc., a start-up company that engineers and fabricates heat treating and material annealing equipment, is using technology licensed from DOE. Materials and Chemistry Laboratory, Inc. (MCL) is an applied research laboratory providing services in materials characterization and chemical process optimization. MCL maintains capability to handle radiological and classified materials. BioNeutrics, Inc., is a new company created for research and development of Boron Neutron Capture Therapy, an emerging and more cost-effective form of cancer therapy. All three companies are additional lessees at the ETTP.
- Under a contract with Operations Management International, Inc. (OMI), a well-known provider of utilities at large sites, CROET leases all the utilities from DOE except for electrical power. CROET collects the utility revenue from the ETTP tenants and pays OMI its operating and maintenance costs. The transfer of the utilities to a private company is an important first step in CROET's growing responsibility as a property manager. The company began its takeover of utilities on April 1, 1998, the date Bechtel Jacobs began its role as DOE's managing and integrating contractor at the ETTP site.
- CROET has contracted with a regional marketing firm to develop a communications plan. The core component of this plan will emphasize the schedule for clean up, the original and cost-effective leasing practices, and the diverse groups who all play a part in establishing CROET's mission and success.

- CROET has helped save DOE more than \$600 million, with \$34 million derived from innovative leasing and bartering arrangements that will relieve DOE of the costs of upkeep and utilities. A \$550 million savings is projected from DOE's contract with British Nuclear Fuels, Ltd. (BNFL) to clean up three of the largest buildings at the East Tennessee Technology Park site. BNFL will clean up the buildings well ahead of DOE's original schedule and will employ a cheaper technology than that available to DOE. A \$16 million savings was realized from the company's cleanup of a machine shop at the site, which was finished three years ahead of schedule.
- CROET, DOE, and the site Managing and Operating Contractor completed a walk-through inspection of all leased facilities, ensuring that all the private companies are working in compliance with environmental regulations. Tenants have formed a Health & Safety Council to provide oversight on matters of health and safety for all tenants of ETTP by developing transitional guidelines to ensure a safe working environment. This initiative represents an important milestone in the development of ETTP, with the collaborative efforts of DOE, CROET, and the occupants themselves taking responsibility for a smooth transition to private-sector accountability.
- Grants totaling more than \$8.5 million were committed during FY 1998 (\$5 million toward ET-2001 initiatives; \$3.5 toward the National Electronics Recycling Center Pilot Project), which will leverage public monies and bring jobs to the highly-skilled work force in Oak Ridge and the surrounding region. Initiatives include assistance with development of several regional industrial parks, optimization of existing regional resources and environmental businesses, development of local business resource and learning centers in nonmetro counties, development of a "learning while earning" project focusing on training women, minorities, and workers with antiquated skills, and identification of new market sectors and industries.
- The development of the National Electronics Recycling Center in Oak Ridge was approved during this period. This \$3.5 million initiative compliments the mission of job creation at Oak Ridge. The Center will focus on research, development, demonstration, testing and evaluation of problems directly related to the electronics recycling industry and to create a Center that will transition from a Federally-supported endeavor to become self-sustaining through revenue generated from licensing and patent arrangements.
- Technology 2020 has been selected to manage Tennessee's Appalachian Regional Commission (ARC) entrepreneurship initiative--a three year, \$310,000 per year project to strengthen the climate for entrepreneurship in Tennessee's 50 ARC Counties.
- In cooperation with the Knoxville Chamber Partnership and the City of Knoxville, Technology 2020 will participate in a new project for downtown Knoxville called the Digital Crossing, which will create a cluster of multimedia activity based on successful role

models such as Cyberflix, IPIX, Atmosphere Pictures, and HGTV. A detailed business plan for this project will be developed, with Technology 2020 anticipating becoming the eventual managing entity for this long-term project.

- *Jobs 21* - This project will involve the region's information technology companies, the University of Tennessee, and two regional community colleges for a new initiative designed to train and retrain people for the growing information technology job market.
- *Business Mentoring Program* - This program has been established through Technology 2020, which partners successful regional entrepreneurs with representatives of new area businesses with the intent of enhancing the new business success rate. A three-person team is assigned to provide support in the areas of business operations, accounting, and marketing. To date, a total of 38 companies have been assisted by this program. Currently, seven business incubator tenants and five virtual tenants are supported at Technology 2020. Three businesses have graduated to new locations, two of which expanded their operations.

Exhibit II.17 on the following page provides a summary of all projects funded between FY 1993 and September 30, 1998.

Office of Worker and Community Transition

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Completed Projects					
Workforce Restructuring Planning Assistance Grant	\$300,000	\$217,399	0		0
Oak Ridge Centers for Manufacturing Technology (ORCMT)	\$10,000,000	\$10,000,000	1,358	\$7,364	1,358
Manufacturing Skills Campus	\$17,302,000	\$17,302,000	1,208	\$14,323	1,208
East Tennessee 2000-Feasibility Studies	\$100,000	\$100,000	0		0
21st Century Jobs Initiative	\$750,000	\$717,444	0		0
Technology 2020 - Regional Research and Development Initiatives	\$1,500,000	\$1,493,595	12	\$124,466	12
Technical Assistance for the Reuse of DOE Facilities and Land	\$100,000	\$100,000	0		0
Current Projects					
City of Oak Ridge/Roane and Anderson Counties' projects	\$1,100,000	\$1,100,000	103	\$10,680	1,250
East Tennessee 2001: Implementing the Vision	\$12,100,000	\$3,371,535	302	\$11,164	1,327
New Business Development - DOE Small Business Grant	\$2,000,000	\$1,892,694	200	\$9,463	400
National Electronics Center Recycling Project	\$3,500,000	\$189,277	0		25
Totals	\$48,752,000	\$36,483,944	3,183	\$11,462	5,580

Exhibit II.17 Oak Ridge Funding and Job Creation by Program Area

II.4.6.7 Future of the Site

In the future, the Y-12 Plant will be integrating manufacturing, engineering, and development technologies with an emphasis on protecting the environment, and assessing the health and safety risks of the public and its employees.

Facilities and expertise developed and maintained in Oak Ridge are essential to the National Security Program. Capability for nuclear weapons component production and quality evaluation will be maintained, as well as that for dismantling and storing nuclear materials from retired

weapons systems. The Centers for Manufacturing Technology will leverage and capitalize on this national security expertise to support industrial manufacture of highly intricate equipment and prototypes. Employment numbers are expected to be stable; however, several skills mix issues remain to be resolved.

As stated in the FY 1997 Annual Report, ORNL is facing a change related to environmental management programs. It is likely that restructuring will be required in midyear FY 1999 to accommodate work force transition resulting from the outsourcing of waste management tasks. Approximately 200-400 ORNL employees may be affected by this transition. It is anticipated that a voluntary reduction in force program will be proposed and requested to minimize the number of involuntary reductions.

Late in 1998, the Department announced that Lockheed Martin Energy Research (LMER) had selected a subcontractor to complete the conventional design and manage construction, over the next seven years, of the Spallation Neutron Source (SNS), to be constructed in Oak Ridge. The SNS will produce bursts of neutrons for scientific experiments that will explore the basic structure of matter. The construction effort, scheduled to begin around January 2000 (based on anticipated FY 1999 funding), will employ up to 2,000 temporary construction workers at its peak.

FY 1999 looks fairly stable for ORISE with a continued slight decline expected. An unplanned funding shortfall at the Atmospheric Turbulence and Diffusion Division site managed by the National Oceanic Atmospheric Administration, has increased ORISE's FY 1999 projected reductions from 12 to 19.

In August 1996, the Department announced its intention to complete the environmental cleanup work at its Oak Ridge facilities, primarily at the East Tennessee Technology Park (ETTP). Bechtel Jacobs Company LLC became the Managing and Integrating contractor on April 1, 1998, with scope of environmental management activities that include environmental restoration, waste management, reindustrialization, technology development demonstrations, nuclear materials and facilities stabilization, and infrastructure responsibilities at ETTP, formerly known as the K-25 site. Bechtel Jacobs is responsible for environmental management and enrichment facilities activities at the Oak Ridge, Tennessee Reservation; Paducah, Kentucky; and Portsmouth, Ohio sites. Bechtel Jacobs has identified a need to reduce up to 400 employees during FY 1999. The reductions are attributed to the deployment of resources into a focused project management structure, which has resulted in a number of employees greater than that needed by Bechtel Jacobs to accomplish the M&I mission.

II.4.6.8 Accomplishments and Lessons Learned

There have been a number of accomplishments and lessons learned at the Oak Ridge Complex to mitigate the impact of work force restructuring.

Accomplishments:

- *Supervisor Training.* A formal workshop entitled ***Notifier Training*** is conducted for supervisors who give reduction-in-force notices to their staff members. This training prevents many misunderstandings that arise between the company and/or supervisors and the affected employees.
- *Talent Profile.* The StarAccess Talent Profile Program has been successful. Each impacted employee can work with a counselor to develop a short paragraph stating his or her qualifications. These paragraphs are compiled into a talent profile booklet that is distributed to approximately 500 employers. Interested companies then request copies of full resumes. To date requests have been received for over 1,200 resumes.
- *Reduced Work Week.* ORISE has instituted a reduced work week for some employees when current funding was insufficient to maintain a full-time work week, but there was still a chance that additional funding would be provided, permitting them to return to a full work week. This has been beneficial for employees because it has allowed them to keep their benefits, even though their hours were temporarily reduced. It has also been beneficial for the organization and the Department, because it has averted the need for a RIF, loss of valuable employees, and the expenditure of funds on RIF benefits and cost of hiring new employees.

Lessons Learned:

- Contractors will continue to utilize best practices in work force planning. Communications and training sessions continued throughout FY 1998. At ORNL, laboratory-wide employee meetings were held to communicate downsizing and to discuss the transition of waste management tasks. The Lockheed Martin Career Center is assisting employees what will have a right of first refusal consideration for employment with Bechtel Jacobs Company LLC and its subcontractors. These employees receive written notification of the transition that includes an explanation of the right of first refusal process.
- Informal, facilitated roundtable discussions for ORNL managers who have been involved in previous downsizing will be offered to managers in preparation for future downsizing. The purpose of these sessions is to share information and lessons learned.
- The Career Center maintains a World Wide Web page (www.ornl.gov/career) and encourages people receiving reduction-in-force notices to submit resumes for inclusion in the resume listing maintained on the web page. Many former employees report receiving interview requests as a result of their resume listing on this web page.

- The LMES Employee Assistance Program has presented effective sessions on stress management that address low morale in the workplace for employees who remain on the payroll.
- Moving the Career Center offsite has increased the percentage of users, and resulted in a higher rate of customer satisfaction and positive feedback, due to a greater accessibility and better space.
- The transition staff at the Career Center cannot give false hopes to impacted employees and still maintain their credibility. It is important for the transition staff to not promise jobs. Some employees are more naturally placed into jobs than other employees. The transition staff must try equally to place all employees, but must encourage the employees to take an active part in the job search.
- Attention has been placed on those employees who remain after work force restructuring. ORISE participated in a study of the survivor syndrome affecting remaining workers. This study was completed by an employee working on her Masters thesis.
- All M&O contractor facilities formed reduction-in-force review committees to review the RIF decisions and justifications of all RIFs prior to their being approved by top management. During the committee meetings, special attention is paid to diversity considerations and impact, including race, gender, disability, age, national origin, performance, and company service. The committee is concerned with preserving specialized skills and competencies needed by the organization.
- The Adjustment Assistance Coordinating Council, a local stakeholders group hosted by ORO, meets at least once a month to share information and concerns. This regular communication has resulted in better cooperation among contractors and subcontractors in the Oak Ridge area and enabled questions and concerns about work force restructuring to be resolved more quickly.
- The Oak Ridge Operations Office developed preference-in-hiring procedures, after an extensive process of consulting with contractor, subcontractor, and labor organizations. These procedures clearly define the process DOE, contractors, labor unions, and the displaced employee must follow in order to use the preference-in-hiring benefit.

II.4.7 Ohio Field Office

II.4.7.1 Background

The Ohio Field Office, chartered in May 1994, manages multiple sites that were previously managed by separate Operations Offices. Since each of these sites is currently dedicated to environmental cleanup, the Department found it best to establish one office in Ohio to coordinate multiple site needs. The Ohio Field Office is responsible for environmental restoration, waste management, and other Department of Energy mission activities at five sites; four in Ohio and one in New York. Of those sites, only two--Fernald and Mound--qualify as defense nuclear facilities.

Fernald. The Fernald Environmental Management Project, formerly known as the Feed Materials Production Center, comprises approximately 1,050 acres and is located about 20 miles northwest of Cincinnati, Ohio. Between 1953 and 1989, the Center produced slightly enriched or depleted uranium products for use in production reactors to make plutonium and tritium at other Department of Energy sites. In July 1989, uranium metal production was suspended to refocus resources on environmental restoration.

Mound. The Miamisburg Environmental Management Project, formerly known as the Mound Laboratory or Mound Plant, comprises approximately 300 acres and is located about 10 miles southwest of Dayton, Ohio, in the City of Miamisburg. From 1948 to 1995, the laboratory produced a variety of nuclear materials and nuclear weapons parts and provided maintenance on the weapons stockpile. In 1993, the Department announced the final reconfiguration of the nuclear weapons complex. Mound was slated for cleanup and closure, and transition to the local community for future reuse. Beginning in 1994, production was transferred to other Department of Energy sites and resources were directed to environmental cleanup.

II.4.7.2 History of Work Force Restructuring

Fernald. There were two work force reductions at Fernald between FY 1993 and FY 1996. One involuntary separation of approximately 200 employees occurred in FY 1993, and one voluntary separation program of about 400 employees was implemented in FY 1995 and FY 1996. A total of 1,007 employees were separated from FY 1993 through FY 1996, including attrition. Of these, 81 percent were voluntary and 19 percent were involuntary. There were no net reductions at Fernald during FY 1997.

Mound. There were two work force reductions at Mound between FY 1993 and FY 1996; one in FY 1994 and another in FY 1996. A total of 827 employees were separated from FY 1993 through FY 1996; 93 percent were voluntary and seven percent were involuntary. In February 1997, an involuntary lay off was required, affecting approximately 25 people, which completed the reductions under the 1994 Work Force Restructuring Plan.

A new site operating contractor (Babcock and Wilcox of Ohio) was chosen at Mound in August 1997 and began operations under a performance-based completion contract on October 1, 1997. Prior to their startup, the contractor team offered employment to an estimated 760 out of the 860 Mound workers. Of those offers, about 700 accepted positions with the new contractor team. Those who did not accept employment offers, and those who did not receive offers of employment, either retired or were separated on September 30, 1997. Total separations for all of FY 1997 were 184; 15 percent were voluntary and 85 percent were involuntary.

During FY 1997, cleanup schedules were aligned with the Office of Environmental Management's *Accelerating Cleanup: Focus on 2006* plan, and the Ohio Field Office Strategic Plan. Ohio's Vision is to achieve closure of all sites by 2005. In July 1997, the Secretary of Energy approved the Ohio Field Office *Work Force Restructuring Plan*, an umbrella plan covering future work force reductions at Fernald and Mound. The plan lays out the Department's preferred strategy for future work force changes at Fernald and Mound. The site contractor will make decisions on when work force changes are needed, considering a variety of factors such as cost, worker skill mix, and cleanup schedules when doing so. Changes to the plan may result from future policy or program changes. Because Fernald and Mound face closure within a decade, workers need to begin planning for the eventual loss of their jobs.

II.4.7.3 Current Work Force Restructuring

Fernald. There were 12 positions reduced at the Fernald site in FY 1998 (Exhibit II.18 on the following page). All separations were voluntary, with three nonretirement separations, and nine positions reduced through net attrition.

Office of Worker and Community Transition

	SITE: Fernald	FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	12	\$0	\$16,570	\$16,570	\$1,381
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)	3		\$16,570	\$16,570	\$5,523
1.3	Net Positions Reduced Through Attrition	9			\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits					
2.1.1	Non-construction workers					
2.1.2	Construction workers					
2.2	Without Benefits					
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	12	\$0	\$16,570	\$16,570	\$1,381
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining					
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$0	\$0	\$0	
4.1	Displaced Worker Medical Benefits					
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers					
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$0	\$16,570	\$16,570	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	12	n/a	n/a	n/a	\$2,251
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	3	n/a	n/a	n/a	\$9,002
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.18. Fernald Work Force Restructuring Summary

Mound. There were 32 positions reduced at the Mound site in FY 1998 (Exhibit II.19 on the following page). There were 31 voluntary separations including one early retirement, 13 nonretirement voluntary separations, and 17 net positions reduced through attrition. There was only one involuntary separation at Mound in FY 1998.

Outsourcing. As part of Babcock and Wilcox of Ohio's Mound contract award, the medical and computer facilities were outsourced to subcontractors. A formal outsourcing program was established in December 1997. In February 1998, a formal request for quote for the metrology operations was placed in the Commerce Business Daily, with a formal make/buy analysis completed in April, 1998. The analysis demonstrated economic savings by maintaining the metrology function in-house. A similar make/buy analysis is underway for the printing services function.

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No formal outsourcing actions were undertaken by Fluor Daniel Fernald during FY 1998.

	SITE: Fernald	FY 1998			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	12	\$0	\$16,570	\$16,570
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)	3		\$16,570	\$16,570
1.3	Net Positions Reduced Through Attrition	9			\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits				
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	12	\$0	\$16,570	\$16,570
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$0	\$0	\$0
4.1	Displaced Worker Medical Benefits				
4.2	Relocation Assistance				
4.3	Separating or Separated Workers Using Outplacement				
4.4	Education Assistance for Separated Workers				
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$0	\$16,570	\$16,570
6.0	NET POSITIONS REDUCED (Average Costs)	12	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	3	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Exhibit II.19. Mound Work Force Restructuring Summary

Rehires. Babcock and Wilcox of Ohio hired 28 workers during FY 1998. Seven of those had been terminated or quit earlier employment with either EG&G, the previous site contractor or Babcock and Wilcox of Ohio.

In FY 1998, Fluor Daniel Fernald did not rehire any former site workers separated under previous voluntary separation programs.

II.4.7.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 at Fernald was \$16,750, all of which was considered program costs. There were no enhanced benefits costs incurred in FY 1998. The

average estimated fully-burdened cost per voluntary separation was \$9,000 (Exhibit II.18). There were no costs incurred for other benefits provided.

The annual savings in salary and benefits for the 12 positions reduced is \$856,000, for a one-time cost of \$16,750.

The total work force restructuring cost incurred in FY 1998 at Mound was \$639,000. Total enhanced benefits costs were \$271,000, while total program costs were \$368,000. The average estimated fully-burdened cost per voluntary separation was \$12,700. The average estimated fully-burdened cost per involuntary separation was \$5,600 (Exhibit II.19). The average cost of displaced worker medical benefits was \$5,600, the average cost of relocation assistance was \$3,000, outplacement was \$100, and education assistance was \$1,600.

The annual savings in salary and benefits for the 32 positions reduced is \$2.3 million, for a one-time cost of \$639,000.

II.4.7.5 Outplacement

The Department of Energy is committed to helping workers plan for their eventual transition to new careers after employment at Fernald and Mound. Outplacement services provide each site worker access to skill assessments, workshops, resource libraries, and automated job listings, such as the Department's Job Opportunity Bulletin Board System (JOBBS). These services help meet the spirit of section 3161 in assisting workers.

Fernald. The two Career Development Centers at Fernald, one located onsite and the other located offsite, provide a wide variety of services to all site workers whose positions are identified for reduction within a two-year period. Employees can use the center and its professionally trained career counselors to develop and upgrade skill levels to maintain internal employment for as long as possible and prepare for opportunities to transition to external employment when necessary. Career assessment options provide guidance in identifying skills, abilities, and preferences, as well as help in exploring options for the future, developing career goals, and writing career development plans. Workshops focus on skills needed to prepare for the changing job market and include resume development, interviewing techniques, job search and networking strategies, negotiation skills, and coping and stress management seminars.

Mound. The Mound Transition Center, located in a separate building onsite, provides a quiet location for affected workers to obtain outplacement services provided by the Department of Energy through StarAccess, Incorporated. StarAccess provides career transitions services, one-on-one counseling, outplacement workshops, and online outplacement services.

Preference in Hiring. Babcock and Wilcox of Ohio hired seven individuals holding a legislated preference in hiring under section 3161.

Fluor Daniel Fernald hired three individuals holding a legislated preference in hiring under section 3161.

II.4.7.6 Community Transition

Fernald. During FY 1998, the Fernald Community Reuse Organization (CRO) completed the work associated with their initial startup grant from the Department of Energy (DOE). The startup grant was meant to provide support necessary to establish the organizational framework for the CRO's activities as a new, nonprofit corporation. This work was completed by April 30, 1998. On May 7, 1998, DOE awarded a new planning grant to the Fernald CRO to develop the Community Transition Plan for the Fernald area. This grant was to extend for the twelve month period of May 7, 1998 to May 6, 1999. The amount of this grant was \$261,821. Work has been progressing on the development of the Community Transition Plan, which is currently forecast to result in the submittal of an implementation grant request to DOE by January, 1999. As of September 30, 1998, a total of \$411,921 has been committed to the CRO, of which \$124,886 has been spent. Exhibit II.20 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development					150
Financing Programs					150
Reuse of On Site Assets					
Training					
Land, Facilities, Research and Development Assistance					
Planning / Program Management	\$411,921	\$124,886			
Totals	\$411,921	\$124,886			300

Exhibit II.20 Fernald Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- The Land Reuse and Equipment Committee completed and submitted the development recommendations to DOE, regarding the market potential for an economic development site at the Fernald Environmental Management Project (FEMP) location. This study assessed whether market demand exists for utilization of this site for commercial/industrial use over the next six years. The study did not indicate any appreciable level of demand. However, the CRO's recommendation to DOE suggests that the land should be set aside as a reserve for future economic development and/or community facility utilization at some point post-2006. A variety of potential community facility uses were also examined by the CRO and the comments on the utility of these various proposals was included in the recommendations to DOE. The CRO's input will have a definite impact on DOE's environmental assessment leading to decision making on final land use disposition at the FEMP.
- The Fernald CRO successfully obtained a \$50,000 grant from the State of Ohio to work cooperatively with the area's Small Business Development Centers to offer a program of financial assistance to firms that require an intensive level of management assistance to start their company or take it to the next level of development. During FY 1998, work continued on this initiative through the identification of several firms that require the assistance offered by the program. Particular interest is being generated among business units at Fernald. These units are investigating the possibility of forming private companies as an element of a Worker Transition strategy at the FEMP.
- A primary work element under the Community Transition Planning grant is the completion of an Economic Impact Study and a Target Industry Study. The University of Cincinnati is being utilized as the research unit for assessment of Fernald's economic impact on the Greater Cincinnati region over the next ten years of operation. At the close of FY 1998, work was well underway on this particular initiative. The Fernald CRO is attempting to undertake most of its activities through close cooperation with other regional economic development organizations. One example of this cooperative effort is the CRO's participation in a regionally sponsored target industry study. This regional approach will allow the CRO to have a knowledge of appropriate target industries that is much more detailed than would have been the case if the CRO had undertaken such a study on its own.
- The CRO has been successful in developing a set of guidelines and procedures for designation of excess property for economic development purposes. This strategy will be utilized during the implementation procedures to allocate equipment resources to potential users in the region.

Office of Worker and Community Transition

Exhibit II.21 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
FY97 and FY 98 award	\$411,921	\$124,886	0		300
Totals	\$411,921	\$124,886	0		300

Exhibit II.21 Fernald Funding and Job Creation by Program Area

Mound. During FY 1998, the Mound Reuse Committee and the Miamisburg Mound Community Improvement Corporation (MMCIC) continued efforts to pursue the community's vision of developing the Mound Advanced Technology Center (MATC) as an industry and technology park for private sector companies. Negotiations between the MMCIC and the Department of Energy (DOE) on the ultimate sale of the Mound site to the community were completed in January 1998, and a variety of activities are well underway to implement the terms and conditions of the site sales contract.

As of September 30, 1998, a total of \$14.7 million has been committed to the Community Reuse Organization (CRO), approximately \$8 million of which has been spent. Approximately 283 jobs have been created or retained, and the CRO projects an additional 550 jobs by the year 2001. Exhibit II.22 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development					
Financing Programs					
Reuse of On Site Assets	\$14,700,000	\$8,043,381	283	\$28,422	833
Training					
Land, Facilities, Research and Development Assistance					
Planning / Program Management					
Totals	\$14,700,000	\$8,043,381	283	\$28,422	833

Exhibit II.22 Mound Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO.

- On January 23, 1998, the DOE and MMCIC signed a Sales Contract transferring ownership of the Mound site to the MMCIC. Ownership allows the community to control and make long-term commitments to the future of the site, as well as more actively seek new businesses for the site. A number of activities have been undertaken to get the transition of ownership underway:
 - S Assessments have been conducted to record baseline conditions of buildings to be received;
 - S The MMCIC organization has been realigned to align operational and strategic efforts;
 - S Preliminary engineering for the site has been completed, including plat planning and expected infrastructure changes to accommodate the site as a technology and industry park.
 - S The improvements identified in the MMCIC's Comprehensive Reuse Plan have been broken down into discrete projects for which current prices can be determined. A plan is being developed to identify possible funding resources; and
 - S Work is underway, in partnership with the DOE, the DOE's prime contractor, commercial utility providers and the City of Miamisburg, to coordinate the timing of utility and facility improvements as detailed in the MMCIC's Comprehensive Reuse Plan and DOE's exit plan.
- The Mound East Boundary Improvement Project will initiate the first physical improvements to the Mound site. The project includes improvements to the first parcel being conveyed by DOE to the MMCIC and involves buildings 100 (careNOW), 105 (Thaler Machine Tool) and 50 (Isotope Power Systems [IPS] Program).
- The East Boundary Improvement Project is the subject of several funding requests:
 - S With the assistance of the Miami Valley Economic Development Coalition (MVEDC), the MMCIC received \$500,000 in support from the State Capitol Funding Program.

- S** The MMCIC received \$168,400 from the Montgomery County's Economic Development/Government Equity (ED/GE) Program; the MMCIC's original request was for \$350,000.
- S** Through the City of Miamisburg, the MMCIC requested and was granted \$350,000 in State Issue 2 funds, raised by gasoline taxes, to finance a portion of Mound roadway improvements. The Mound project has been identified by the City as the first priority among the various projects submitted. The MMCIC also received \$150,000 from the City of Miamisburg.
- S** The Economic Development Administration (EDA) has approved a Financial Assistance Award in the amount of \$1,000,000 in response to the MMCIC's application.
- MMCIC and Dayton Power & Light (DP&L) representatives began negotiations related to the utility company's providing utility service to the MATC. Preliminary discussions were focused on the reuse of the existing site electric and gas distribution systems. DP&L concluded a study of these systems that suggest that they are incompatible with DP&L's system.
 - In October 1998, the MMCIC will submit a preliminary plat plan for the Mound site to the City of Miamisburg. The plan will illustrate the configuration of the parcels, thoroughfares, reuse of the water distribution and waste-water-collection systems, introduction of new water and sanitary sewer lines and open space. The City's review is expected to be completed by the end of the calendar year.
 - A new MATC business, CareNOW of Greater Dayton, opened its doors on January 19, 1998. The company works with local emergency-service agencies to better manage the routing and resolution of medical emergencies and other unscheduled care episodes. It will serve managed health care systems in 14 Ohio counties. The company invested \$107,000 in the renovation of Building 100, and the MMCIC contributed an additional \$50,000. Plans call for an additional \$53,000 in improvements and expansion within the next two years. CareNOW kicked off its physicians' communications services on April 1, 1998. As of September 30, 1998, employment was 30.
 - The Rhode Island-based Infinite Group Inc., an industry leader in laser technology and manufacturing, recently announced that its subsidiary, Laser Fare Inc., has acquired Mound Laser and Photonics. Infinite officials believe the union will create a "synergistic environment for the advancement of laser materials processing and the commercialization of new laser-based technology." As of September 30, 1998, employment was five.
 - EG&G Electronics has increased its leased space by 2,000 square feet, adding a new test facility in Building 3. The company leases a total of 37,000 square feet. The company has

renewed its lease, exercising the second year of a three-year lease option. EG&G currently employs 28.

- EHS Technology Group, an environmental consulting and project management company, has joined the MATC. The firm currently employs 28.

Exhibit II.23 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Miamisburg Mound Economic Development Plan	\$14,700,000	\$8,043,381	283	\$28,422	833
Totals	\$14,700,000	\$8,043,381	283	\$28,422	833

Exhibit II.23 Mound Funding and Job Creation by Program Area

II.4.7.7 Future of the Sites

When Fernald and Mound close, nearly 3,000 contractor employees will no longer be performing work for the Department. There is no promise of long-term employment for Department of Energy work at these sites. The Department is working with community reuse organizations to identify reuse options for the assets of each site. The goal is to encourage communities to shift from dependence on the Department as a key source of employment to dependence on private sector business activity.

Fernald. An independently validated project baseline supports the site's accelerated cleanup schedule. A disciplined work force planning process is being integrated with the project baseline to provide management and workers with a two year planning horizon of required staffing levels and skill requirements. This information will enable management and workers to make informed decisions relative to future employment opportunities at the site, or at other locations.

Mound. Babcock and Wilcox of Ohio anticipates completion of cleanup at Mound, with site closure by February 2003. Its contract includes a disciplined work force planning process that identifies anticipated interim and final project completion. The community will use the information to attract private industry to the area and to help workers transition to the private sector.

The MMCIC at Mound is now focusing on attracting established business firms to the site. With the support of Ohio's Department of Development, aggressive marketing of emerging technology opportunities is now underway. Utilizing the University of Dayton Center for Business and Economic Research and the University's Research and Development Institute, an effective reuse of Mound's

state-of-the-art destructive testing capability has been initiated in FY 1997. In addition, a collaborative relationship between two Ohio defense conversion metrology laboratories is being pursued, which could make the state a focal point in this increasingly important field.

II.4.7.8 Accomplishments and Lessons Learned

- Babcock and Wilcox of Ohio began operations at the Mound site on October 1, 1997, to complete the site cleanup by FY 2003.
- Congress funded the Department's "Paths to Closure" account to accelerate cleanup activities at selected sites. During FY 1998, the Fernald site continued its efforts to complete cleanup by FY 2005. Congress will expand the closure fund program in FY 1999 to include the Mound site.
- The Mound site sale by the Department to the Miamisburg Mound Community Improvement Corporation (MMCIC) was formally signed in January 1998, with selected land parcels to begin formal transfer to the community by the end of FY 1999.
- Fluor Daniel Fernald's "managed attrition" program began in April, and uses disciplined work force planning to show employees their potential employment situation up to two years in advance. Employees in affected skill areas may agree to voluntarily separate at a future date and begin receiving tailored transition benefits. Fluor Daniel Fernald's goal is for employees to leave the site employed, not unemployed when their Fernald work is done.
- Fluor Daniel Fernald's contract to operate the Fernald site was extended in May 1998 through November 2000.
- Fluor Daniel Fernald and the Fernald Atomic Trades and Labor Council signed a five-year labor agreement reflecting the transformation of the site from production to remediation. The contract provides mobility and flexibility of the work force to complete a significant portion of the site's remediation by contract end.
- Technology assisted learning through satellite system and the Internet continues to expand. Since starting two years ago, the number of students has tripled and includes contractor and Federal employees from the Mound and Fernald sites. Classes range from degree to certification programs in engineering, environment, nuclear sciences, business, and security, as workers prepare for new careers after cleanup is completed.
- Responding to employee concerns, Fluor Daniel Fernald's Career Development Center worked with local colleges and universities to create a deferred payment program to allow employees to pay no tuition up front, as usually required by those institutions. Once the

employee successfully completes their program with a minimum “C” average, the employee is reimbursed for tuition and other costs and settles his/her account with the appropriate institution.

- Fluor Daniel Fernald implemented a craft certification program, where all crafts have an opportunity to upgrade their skills to another status. As the site downsizes and cleanup projects are completed, skilled crafts will receive preferential hiring at 32 other Fluor Daniel locations throughout the country and the world.
- Babcock and Wilcox of Ohio’s property donation program provided over 230 pieces of computer equipment, furniture, and laboratory equipment donated in FY 1998. The program goal is to assist approximately 300 local schools.
- Fluor Daniel Fernald’s Career Development Center continues to work closely with employees in providing creative professional development and training opportunities. A key element of the “managed attrition” effort, usage of the Center averaged over 500 employees per month.
- Babcock and Wilcox of Ohio completed operation of its Outplacement Center due to expiration of eligibility for those workers terminated by EG&G Mound Applied Technologies on September 30, 1997.
- Fluor Daniel Fernald “managed attrition” program reduced the site’s attrition rate to about four percent by encouraging key skilled employees to continue working at the site and beginning their transition planning. Prior to the program, attrition was running up to eight percent, with key skilled workers leaving the site. In addition, the average separation cost for those workers leaving under the “managed attrition” program was about \$5,500, compared to what would have been an average of about \$7,700 for involuntary severance for those same workers.

II.4.8 Pantex Plant

II.4.8.1 Background

The Pantex Plant, located in Amarillo, Texas, provides the capabilities to assemble nuclear and nonnuclear components into nuclear weapons, to disassemble retired nuclear weapons, and to perform surveillance activities to ensure stockpile reliability and safety. The Pantex Plant has been operating as a nuclear weapons facility for 40 years.

As a Department of Energy facility, Pantex works in partnership with laboratories, universities and industry to enhance the security of the nation. The Plant is devoted to leadership in applying the best integration of nuclear weapons assembly, disassembly, surveillance, modification, component testing and security; development, fabrication, and testing of chemical and high explosive components; interim storage of plutonium pits from dismantled weapons; evaluation, repair and retrofit of nuclear weapons; and nuclear weapons component demilitarization and sanitation.

II.4.8.2 History of Work Force Restructuring

With the end of the Cold War, Pantex converted from being the only nuclear weapons assembly plant in the United States to the only nuclear weapons disassembly plant in the United States. In April 1996, in response to funding cutbacks of \$28 million over a two year period, Pantex's first work force restructuring plan was created and implemented. This translated into separating approximately 350 positions for FY 1997 and FY 1998. Realizing the impact of this reduction on the work force, senior management immediately established an external hiring freeze with exceptions requiring General Manager approval.

The specific goals of the work force planning and restructuring processes were to retain critical skills, minimize involuntary layoffs, streamline the infrastructure, support weapons programs requirements, and support the Department's key initiatives.

As attrition occurred without replacement, senior management saw the opportunity to collapse divisions, integrate departments, and reduce duplicity of effort among the work force. The Plant could then reorganize into a leaner, more efficient structure. Management was able to eliminate twelve departments from six of the fourteen divisions and reduce the number of divisions from fourteen to thirteen. There were no work force restructuring efforts prior to FY 1997. In FY 1997 there were 407 total separations, all voluntary, including 65 net positions reduced through attrition.

II.4.8.3 Current Work Force Restructuring

There was no formal restructuring at Pantex in FY 1998. There were 64 net positions reduced through attrition (Exhibit II.24).

	SITE: Pantex	FY 1998			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	64	\$0	\$0	\$0
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)				
1.3	Net Positions Reduced Through Attrition	64			\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits				
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	64	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$205,346	\$0	\$205,346
4.1	Displaced Worker Medical Benefits	41	\$121,796		\$121,796
4.2	Relocation Assistance				
4.3	Separating or Separated Workers Using Outplacement				
4.4	Education Assistance for Separated Workers	39	\$83,550		\$83,550
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$205,346	\$0	\$205,346
6.0	NET POSITIONS REDUCED (Average Costs)	64	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Exhibit II.24. Pantex Work Force Restructuring Summary

Outsourcing. There has been no outsourcing at Pantex.

Rehires. There were no rehires at Pantex during FY 1998.

II.4.8.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$205,300, all of which were enhanced benefits costs to cover other benefits provided to individuals who separated in prior years (Exhibit II.24). The average cost of displaced worker medical benefits was \$3,000 per recipient, and the average cost of education assistance was \$2,100 per recipient.

The annual savings in salary and benefits for the 64 positions reduced is \$4.6 million, at no additional cost for positions reduced through attrition.

II.4.8.5 Outplacement

Employees who left Pantex through the VSIP were offered outplacement assistance from StarAccess. StarAccess provided a full range of outplacement services, which included performing job searches, developing and maintaining job leads, assisting with resume creation, reproduction and mailing, maintaining job market information, publicizing terminated workers' skills, and facilitating registration with government bureaus and services. A Career Transition Center was available with phone lines, computers, and copy machines as part of the outplacement services. Employees who used the Career Transition Center were offered workshops on topics such as resume writing, interviewing skills, career assessment, job search techniques, and personal finance counseling.

Preference in Hiring. All individuals separating in FY 1997 did so voluntarily and were not eligible for preference in hiring at Pantex or other Department of Energy sites. During FY 1998, Pantex continued to post all external exempt job openings on JOBBS and proactively searched JOBBS for candidates that would meet external skill needs.

II.4.8.6 Future of the Site

Future work at Pantex, similar to other Department of Energy facilities, is dependant on funding. Pantex work on the Weapons Life Extension Program is considered essential and will continue for the next decade, but dismantlements could be reduced. A potential START III treaty would also have an impact on any long-term work at Pantex.

The future of the work force at Pantex is not known. Until further assignments and tasks are awarded, the work force will continue to serve in its current capacity, and as the workload increases or decreases, respective adjustments will be made.

II.4.8.7 Accomplishments and Lessons Learned

Accomplishments:

- Pantex met its target separation number of 350 primarily through use of the VSIP and avoided the need for an involuntary separation program. The total net savings through the VSIP for FY 1997 and FY 1998 are anticipated to be \$22 million. These figures compare the total wages necessary to support the positions eliminated during the VSIP for the second half of FY 1997 and the entire FY 1998. These figures reveal that for every dollar spent on the VSIP, a savings of approximately \$3.20 in wages and approximately \$2.00 in net savings was realized.
- The Plant continued to meet the Department's mission requirements, streamlining infrastructure in the process to become more efficient and effective.

Lessons Learned:

As a part of the work force restructuring process, Pantex produced a survey for managers to provide input based on their experiences and observations during restructuring. Results of the survey disclose the following highlights of lessons learned. The feedback from this survey is being used to make improvements to the current process. Pantex will use this baseline to build an improved program and streamline future work force planning and restructuring.

- The time line between the downsizing announcement and training periods was too short (3-4 days) for effective training of all employees. Future work force restructuring training periods should be extended.
- The work force restructuring training video was very effective. A comprehensive, consistent message was issued to all employees including those on leave of absence.
- Manager involvement was crucial. Managers served as resources for fielding questions from employees and as subject matter experts for work force planning. Future downsizings will continue/increase manager involvement.
- Human Resources points of contact were identified for each division to coordinate work force restructuring and VSIP. This was a great benefit to managers and employees to have one person serve as a clearinghouse of information throughout the work force restructuring and VSIP processes. Occasionally, it became necessary to change points of contact due to other assignments. This should be minimized as much as possible to maintain consistent customer service.
- Generally the communication process (keeping people updated through the e-mail system, *Pantex Pulse* newsletter, PA announcements, etc.) was appreciated and described to be

“frequent and timely.” Comments noted that the reports were a wealth of information, but there were too many different types of reports, and some were not easy to interpret. Future reports will be combined and simplified.

- As large numbers of employees moved through the termination process, a number of areas had to be coordinated to ensure employees and affected departments completed necessary paperwork and communications prior to the employee leaving the site. Individual outprocessing packets were made for each separating employee, giving instructions on outprocessing, benefits, security, medical, VSIP, etc. These were issued to employees well in advance of their last day of work, allowing employees to review the information with their families and set personal appointments with specialists in each area if necessary to ask questions and review personal options. Group meetings were also held to review information required for terminating employees and again answer questions.

II.4.9 Pinellas Plant

II.4.9.1 Background

The Pinellas Plant, located in Largo, Florida, manufactured neutron generators and other components from 1957 to 1994. In FY 1994, the Department of Energy initiated its weapons complex reconfiguration plan, which included termination of all defense programs activities at the Plant. The decision was announced to close the Plant and eliminate approximately 1,200 jobs by the end FY 1997. From FY 1994 through FY 1997, Pinellas placed the Plant in a safe condition, cleaned contaminated areas, and disposed of all site property, materials, equipment and records. The Department sold the Pinellas Plant to a local economic development agency in FY 1995.

The Pinellas work force restructuring effort was efficient and effective in transitioning the Pinellas Plant from weapons production to commercial use resulting in benefits to both the Department and the community. The Pinellas community no longer associate the Department of Energy with the Pinellas Plant. The Department has successfully concluded the work force restructuring, cleanup, and contract close-out activities at Pinellas.

II.4.9.2 Community Transition

In August 1993, the Pinellas Community formed a task force consisting of national, state, local, political, business, and special interest organizations who would be impacted by ending the Pinellas Plant mission. The task force developed the *Pinellas Plant Future Use Plan* proposing activities to develop non-defense uses for the technology and the work force to help mitigate the effects of phasing out the weapons mission at Pinellas. The original stakeholder structure evolved into the present Community Reuse Organization (CRO) in 1994 and was recognized by the Department of Energy in January 1995.

As of September 30, 1998, a total of \$17.8 million has been committed to the CRO; \$13.8 million of which has been spent. A total of 1,838 jobs have been created or retained, with an additional 500 projected by the year 2001. Exhibit II.25 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

Office of Worker and Community Transition

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$787,000	\$787,000	459	\$1,715	459
Financing Programs	\$579,700	\$579,700	15	\$38,647	15
Reuse of On Site Assets	\$15,253,300	\$11,652,800	1,239	\$9,405	1,732
Training	\$400,000				
Land, Facilities, Research and Development Assistance	\$334,700	\$334,700	125	\$2,678	125
Planning / Program Management	\$400,000	\$400,000			
Totals	\$17,754,700	\$13,754,200	1,838	\$7,483	2,331

Exhibit II.25 Pinellas Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- The Pinellas County Industrial Council (PCIC) has leased 650,000 square feet collectively, which 25 tenants now occupy. Full occupancy should occur in July 1999, when the Anchor tenant transition is complete. Almost one-quarter of the tenants' jobs have been filled by former Pinellas Plant employees.
- The continued industrial use of the plant saved more than \$29 million by avoiding clean-up and support costs that would have been incurred under General Services Administration disposal. Construction is nearing completion on the facade of the main building to provide elevators for multiple tenants and modernize the facility.
- The University of South Florida Technology Deployment Center, in cooperation with the CRO continued to fund High Technology Projects with STAR Center Businesses thus maintaining and growing the engineering and development capabilities at the Pinellas STAR Center.
- With 26 projects to date, the Deployment Center has several technologies in the advance prototype/early commercialization stages that capitalize on the Plant's Cold War technical strengths. Examples include:
 - S An uninterruptable power supply with private partner AIMS System is undergoing development and commercialization, using the Center's universal battery charger technology.

Office of Worker and Community Transition

- S** The Active Passive Neutron Examination and Assay (APNEA) Mobile Waste Assay system has bid on Federal performance contracts, has attracted private work for Pinellas Plant tenants, and has initiated a joint venture with international investors and a Lockheed Martin spin-off company (TRUTech). The APNEA team was one of two teams to win a contract from the Department's Carlsbad Area Office to become certified for waste analysis.

Exhibit II.26 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Community Stakeholder Planning	\$400,000	\$400,000			
Innovation Commercialization Program (ICP)	\$587,000	\$587,000	450	\$1,304	450
Pinellas Plant Sale Transition	\$9,328,300	\$5,727,800	1,128	\$5,078	1,600
Pinellas Plant Seed Projects	\$1,275,000	\$1,275,000	24	\$53,125	24
Pinellas Plant Spin-Offs	\$200,000	\$200,000	9	\$22,222	9
Seed/Challenge Funds	\$579,700	\$579,700	15	\$38,647	15
Suncoast Manufacturing Technology Center (SMTC)	\$334,700	\$334,700	125	\$2,678	125
Technology Deployment Center	\$4,650,000	\$4,650,000	87	\$53,448	108
Training Incentives	\$400,000				
Totals	\$17,754,700	\$13,754,200	1,838	\$7,483	2,331

Exhibit II.26 Pinellas Funding and Job Creation by Program Area

II.4.10 Portsmouth / Paducah Gaseous Diffusion Plants

II.4.10.1 Background

The Portsmouth Gaseous Diffusion Plant (Portsmouth), built in the 1950s, was needed to provide Uranium-235 at rates substantially above the existing production facilities at Oak Ridge, Tennessee, and Paducah, Kentucky. Portsmouth was chosen in the late 1970s as the site for a new enrichment facility utilizing gas centrifuge technology. Construction of the Gas Centrifuge Enrichment Plant began in 1979 but was halted in 1985 because the demand for enriched uranium decreased, and laser technology promised to be a more efficient and economical supply of enriched uranium for the future. The Highly Enriched Uranium operations were shut down beginning in 1991.

The Paducah Gaseous Diffusion Plant (PGDP) began production of enriched uranium in 1952. The plant's mission of uranium enrichment has remained unchanged, and the original facilities are still in operation, albeit with substantial upgrading and refurbishment.

The Energy Policy Act of 1992 mandated that the management of the uranium enrichment enterprise at Portsmouth and Paducah be assumed by the United States Enrichment Corporation (USEC). As a result, Department of Energy and USEC entered into a six-year lease effective July 1, 1993.

The USEC became a private corporation on July 28, 1998. The mission of USEC is to be recognized as the preferred, highest quality, lowest cost producer of enriched uranium. This mission is vital in developing and maintaining a sustainable competitive position in the world-wide uranium enrichment market and ensuring proper long-term use of land and facilities at Portsmouth and Paducah. As the sole producer of enriched uranium in the United States, USEC must compete with commercial and Government-owned enrichment plants on a global scale. Portsmouth and Paducah play an extremely important role in providing and maintaining a secure source of enriched uranium, which helps to ensure this nation's security and independence.

II.4.10.2 History of Work Force Restructuring

Work force restructuring at Portsmouth and Paducah began with comprehensive work force planning with USEC and the site contractor, Lockheed Martin Utility Services (LMUS). Portsmouth started work force restructuring with the voluntary separation of 49 employees in FY 1995 and an additional 40 employees in FY 1996. There were minimal restructuring activities in FY 1995 at Paducah and no restructuring activities in FY 1996.

In FY 1997, Portsmouth developed a Work Force Restructuring Plan for both Portsmouth and Paducah. In FY 1997, Portsmouth separated 104 employees: 37 were voluntary and 67 were involuntary. Paducah separated 14 employees, 7 voluntary and 7 involuntary. The work force

restructuring program and benefits paralleled those provided to LMES employees under the Oak Ridge Work Force Restructuring Plan.

II.4.10.3 Current Work Force Restructuring

A total of 54 protective force employees received separation notices in June 1998 with actual separation scheduled for July 31, 1998. The reductions were related to the completion of the Highly Enriched Uranium Refeed Program at Portsmouth. Participation in an enhanced voluntary separation program was offered to the protective force personnel whose skills were no longer required for the continued security of the Portsmouth Site, including those workers who received separation notices. To facilitate placement of displaced workers from Portsmouth, the Paducah Site also offered a voluntary separation program.

The enhanced voluntary separation program offered benefits parallel to those included in the June 30, 1998, signed memorandum of agreement between the Department of Energy and United States Enrichment Corporation relating to any work force restructuring that may occur as a result of privatization. The enhanced benefits included an additional one week's pay per year of service to the severance program and an option to receive a lump sum payment of \$7,500 or be eligible, under conditions defined in the Portsmouth/Paducah Work Force Restructuring Plan, for displaced worker medical benefits, education assistance, relocation assistance, and outplacement assistance.

There were 53 positions reduced at Portsmouth in FY 1998 (Exhibit II.27 on the following page). There were 40 enhanced nonretirement voluntary separations and 13 early retirements. There were no involuntary separations.

Office of Worker and Community Transition

	SITE: Portsmouth Gaseous Diffusion Plant (1)	FY 1998			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	53	\$1,120,902	\$0	\$1,120,902
1.1	Early Retirement	13	\$415,985		\$415,985
1.2	Non-Retirement Voluntary Separations (Severance Only)	40	\$704,917		
1.3	Net Positions Reduced Through Attrition				
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits				
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	53	\$1,120,902	\$0	\$1,120,902
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$277,389	\$0	\$277,389
4.1	Displaced Worker Medical Benefits	26	\$173,091		\$173,091
4.2	Relocation Assistance (2)	4			\$0
4.3	Separating or Separated Workers Using Outplacement (3)	82	\$45,634		\$45,634
4.4	Education Assistance for Separated Workers	36	\$58,664		\$58,664
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$1,398,291	\$0	\$1,398,291
6.0	NET POSITIONS REDUCED (Average Costs)	53	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	40	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involutarily Separated				

Note 1. Site headcount not included in total DOE headcount since privatization.

Note 2. Invoice received in FY 1999; totals to be costed \$26,500.

Note 3. Costs associated with FY 1997 outplacement services; costs for FY 1998 (not yet invoiced) estimated \$125,000.

Exhibit II.27. Portsmouth Work Force Restructuring Summary

Four employees at Paducah elected the voluntary enhanced separation program, which provided the opportunity for the transfer of employees from Portsmouth (Exhibit II.28 on the following page).

Office of Worker and Community Transition

SITE: Paducah Gaseous Diffusion Plant (1)		FY 1998			
		Workers	Enhanced Costs	Program Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily (2)	4	\$150,490	\$0	\$150,490
1.1	Early Retirement				
1.2	Non-Retirement Voluntary Separations (Severance Only)	4	\$150,490		\$150,490
1.3	Net Positions Reduced Through Attrition				
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0
2.1	With Benefits				
2.1.1	Non-construction workers				
2.1.2	Construction workers				
2.2	Without Benefits				
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	4	\$150,490	\$0	\$150,490
3.0	Remaining Affected Workers		\$0	\$0	\$0
3.1	Workers Placed without Retraining				
3.2	Workers Internally Placed through Retraining				
3.3	Transfers to Other Sites				
4.0	Other Benefits Provided		\$0	\$0	\$0
4.1	Displaced Worker Medical Benefits				
4.2	Relocation Assistance				
4.3	Separating or Separated Workers Using Outplacement				
4.4	Education Assistance for Separated Workers				
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$150,490	\$0	\$150,490
6.0	NET POSITIONS REDUCED (Average Costs)	4	n/a	n/a	n/a
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	4	n/a	n/a	n/a
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a
9.0	Other Separations	0	\$0	\$0	\$0
9.1	Voluntarily Separated				
9.2	Involuntarily Separated				

Note 1. Site headcount not included in total DOE headcount since privatization.

Note 2. Invoice received in FY 1999; totals to be costed \$150,490.

Exhibit II.28. Paducah Work Force Restructuring Summary

Privatization Related Restructuring. The Department of Energy and United States Enrichment Corporation entered into a memorandum of agreement (MOA) on June 30, 1998 relating to administration of worker transition services as part of the privatization agreement at the gaseous diffusion plants.

The MOA provides a voluntary incentive separation program and establishes a fund created by the transfer of \$20 million by USEC to an account in the U.S. Treasury to be administered by the Department to cover separation costs above those offered as part of USEC policy and to provide community transition assistance. The MOA covers the two years following the privatization decision, and worker separations during this period are limited to 500 positions.

A voluntary separation incentive program was offered in the summer of 1998 to employees at the reductions consistent with the business needs of the USEC. Workers are employed by Lockheed Martin Utility Systems (LMUS) the operating contractor for USEC. A total of 257 workers

separating workers, 178 are salaried employees and 79 are hourly workers. Most of these workers separated at the end of October, with a limited number of extensions to meet business needs. The company fiscal year through June 30, 1999.

The voluntary separation incentive program provides a second week's pay for each year of service, in option to receive a \$7,500 cash payment, or eligibility to receive education, medical, and relocation assistance. More than 90 percent of the participants selected the cash payment. Outplacement provided at other defense nuclear facilities.

Outsourcing There has been no outsourcing at Portsmouth or Paducah.

Rehires There were no rehires at Portsmouth or Paducah during FY 1998.

The USEC became a private enterprise in FY 1998. There are currently 403 individuals at Portsmouth and 300 at Paducah employed by Lockheed Martin Utility Services who are

II.4.10.4 Costs and Cost Savings

For Portsmouth, the total work force restructuring cost incurred in FY 1998 was \$1.4 million, all of estimated fully-burdened cost per voluntary separation was \$21,100 (Exhibit II.27). The average cost of displaced worker medical benefits was \$6,700, the average cost of outplacement was \$600, and

The annual savings in salary and benefits for the 53 positions reduced is \$3.8 million, for a one-time cost of \$1.4 million.

burdened cost per voluntary separation will be \$37,600 (Exhibit II.28).

The annual savings in salary and benefits for the four positions reduced is \$285,000, for a one-time cost

II.4.10.5 Outplacement

A contractor-operated career center will function on a limited basis in conjunction with the general notification of the need for work force restructuring at Portsmouth. Outplacement services will be provided by a contracted vendor. The purpose of the career center is to assist displaced workers in developing career plans, executing job searches, and looking for retraining and employment opportunities. The career center will provide services such as aptitude and skills assessments, job analysis (present and future), information on job demand and supply, wage information and access to school, training, and unemployment information. Other services provided by the career center include assistance in preparing resumes and cover letters, filling requests for training records and transcripts, reproducing and transmitting materials and providing other job search assistance. A library of resource materials is located at the career center. An LMUS-operated outplacement center was also established at Paducah.

Preference in Hiring. Preference in hiring is provided at Portsmouth and Paducah to the extent practicable and reasonable with the respect to budget restraints, contractual provisions, and other qualifications. There were three individuals hired in FY 1998 through preference in hiring.

II.4.10.6 Community Transition

Portsmouth. The Southern Ohio Diversification Initiative (SODI) was established in August 1995 as the Community Reuse Organization for the Portsmouth site. The not-for-profit community improvement corporation actively promotes the reuse of underutilized lands, buildings and facilities of the Portsmouth Gaseous Diffusion Plant. In addition, the SODI promotes further economic diversification, encourages area residents to move from dependency on a single Federal facility to self-sufficiency and assists with the implementation of economic development and diversification activities designed to effect positive change and growth.

As of September 30, 1998, a total of \$5 million has been committed to the CRO, of which \$939,026 has been spent. A total of 227 jobs have been created or retained, with an additional 600 projected by the year 2001. The Department's award of \$4.5 million on March 30, 1998, is Portsmouth's initial implementation grant. Exhibit II.29 provides an allocation of job creation and funding strategies by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$200,000				100
Financing Programs					
Reuse of On Site Assets			15		38
Training					
Land, Facilities, Research and Development Assistance	\$4,026,273	\$484,757	150	\$3,232	604
Planning / Program Management	\$773,727	\$454,269	62	\$7,327	62
Totals	\$5,000,000	\$939,026	227	\$4,137	804

Exhibit II.29 Portsmouth Community Transition Funding and Job Creation

Highlights and major accomplishments of the SODI to date are as follows:

The Zahn's Corner Industrial Park has attracted its first client, Mill's Pride LLC, to the site. The Mill's Pride project includes the construction of a 1,000,000 square foot distribution

- The reuse subcommittee has developed a seven-page flow chart of various steps and committee will be reviewing the steps and refining the flow chart into a more concise document.

In August, 1998 the SODI and Mead Paper Company finalized a sublease of land the SODI leased from the DOE Portsmouth site. Mead Paper is utilizing the DOE owned land and rail project.

- placed into law July 21, 1998, (Public Law 105-204).
- positions at all SODI projects, thus providing more opportunities for displaced workers.
- conducted by the Ohio State University. This study is focused on improving interaction

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between employers and educational institutions, instituting long-term strategic planning, and implementing a process for certification of workforce skills levels. The program will match current/future workforce with worker training initiatives to increase employer-based training to assist workers in building skills and career advancement.

- The New Boston Industrial Park project is moving forward and is in the final stages of negotiations with a metal fabrication plant.
- SODI has utilized its planning grant to direct the US 23 Corridor Study. The US 23 Corridor Study has five participating counties and other cities that have all committed to participating in this study. The study is to be both a transportation and economic development study. The transportation plan will identify needed improvements in the corridor including policies that can be adopted to help protect the function of the highway. The economic development plan will identify potential development opportunities and major assets in the corridor.

Exhibit II.30 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Zahn's Corner Industrial Park	\$2,000,000	\$484,757	150	\$3,232	400
New Boston Industrial Park	\$1,700,000				200
Incubator Study	\$25,000				
Enterprise Training and Development	\$200,000				200
Pike County Airport Fuel	\$80,000				4
Regional GIS	\$246,273				
Mead Sublease	\$0		15	\$0	
Central Administration/Planning	\$748,727	\$454,269	62	\$7,327	
Totals	\$5,000,000	\$939,026	227	\$4,137	804

Exhibit II.30 Portsmouth Funding and Job Creation by Program Area

Paducah. The Paducah Area Community Reuse Organization (PACRO) was organized in 1997 to address Department of Energy (DOE) restructuring related to the Paducah Gaseous Diffusion Plant (PGDP) in Paducah, Kentucky. The PACRO received DOE funding in the way of a \$400,000 Planning Grant in April 1998. The PACRO became an incorporated entity in July 1998 and applied for 501c(3) tax-exempt status in August 1998.

The PACRO region includes McCracken, Ballard, Graves, and Marshall Counties in western Kentucky, as well as Massac County in southern Illinois. The PACRO is made up of an eight member

Finance Committee, a twenty-six member Executive Committee, and a fifty-plus member General Assembly.

The PACRO General Assembly is divided into the following four work groups: Regional Economic Development Initiatives, Entrepreneurial Development, Workforce Reuse, and Facility Reuse. These work groups represent the major projects that the PACRO will be directing. As of September 30, 1998, a total of \$400,000 has been committed to the CRO, of which \$21,769 had been spent. Exhibit II.31 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
	Total DOE Funds	Funds Spent	Created or Retained	Cost Per Job Created	or Retained by 2001
Entrepreneurial Development					
Financing Programs					
Training					
Land, Facilities, Research and					
Planning / Program Management	\$400,000	\$21,769			
	\$400,000	\$21,769			

Exhibit II.31 Paducah Community Transition Funding and Job Creation

The following information provides an update on the recent activities of the PACRO as well as an outline of future plans:

- Requests for Qualifications (RFQs) for consultant services to study the issues of Regional Economic Development Initiatives, Entrepreneurial Development, Workforce Reuse, and Facility Reuse were disseminated in July 1998. RFQ responses were received in August, and consultants were chosen in September. Upon completion of signed contracts, consultants began work in October 1998.
- Upon receiving the results of the consultants work in January 1999, the PACRO will write a Transition Plan and apply to DOE for the next cycle of funding in early March 1999 in order to implement the recommendations of the consultants.

- In April of 1998, the PACRO was contacted concerning assets on the site that could have a substantial economic development impact on the region. Included in this discussion of assets was a potential Scrap Metal Reclamation Project. At the time of this contact, the price of nickel was of a value that made bartering it in exchange for decontamination services quite beneficial. Since that time, the price of nickel has declined substantially, and thus Oak Ridge DOE has decided to wait for activity on the nickel until the price rises again. At that time, the PACRO would like to become involved as the exclusive agent for asset disposition onsite. This will allow funds in excess of cleanup costs to be used for economic development purposes in the region.
- In July 1998, Public Law 105-204 was passed requiring DOE to prepare a plan for the treatment and recycle of the depleted uranium hexafluoride at Paducah, Kentucky, and Portsmouth, Ohio. The law calls for this work to be done onsite with the construction of a facility beginning in FY 2003. The PACRO is in full support of this effort, which would assist the region with a stable place of employment for the duration of the project (anticipated to take in excess of twenty years to complete). Secondary industries to use or recycle treatment products also would likely bring jobs to the region. The PACRO stands ready to take whatever role will assist in the success of the project.

Exhibit II.32 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
	\$400,000	\$21,769	0		
Totals	\$400,000	\$21,769	0		

Exhibit II.32 Paducah Funding and Job Creation by Program Area

II.4.10.7 Future of the Site

On August 25, 1998, the United States Enrichment Corporation initiated a voluntary reduction in force program for employees at the Portsmouth and Paducah. The first phase of the reduction is to be completed October 30, 1998, and will eliminate approximately 125 positions at each plant. In addition 250 reductions are scheduled to occur in the summer of 1999. These reductions are related to privatization of USEC.

To minimize impact on affected workers, the enhanced benefits are identified in a signed memorandum of agreement (June 30, 1998) between the Department of Energy and the United States Enrichment

separated July 31, 1998.

Completion of the Highly Enriched Uranium Suspension and Refeed Program will result in a reduction

Portsmouth will be accomplished under the provisions of the existing work force restructuring plan and the signed memorandum of agreement.

- The local United Plant Guard Workers of America and the Department of Energy Site Office at workers prior to receiving their 120-day WARN Notice. The program was implemented July 1997, and a total of 42 workers have enrolled in training. Four Protective Forces affected College and were immediately placed with Norfolk Southern Railroad. Another affected employee completed his Bachelors Degree and is currently working as a Program Coordinator with the local
- Portsmouth has granted the Corp of Engineers a permit for the Ohio Army National Guard to returning from Europe. The Ohio Army National Guard has been on site since 1989 and has created 76 jobs in the area.

On April 1, 1998, the DOE and Southern Ohio Diversification Initiative (SODI) finalized lease arrangements on a section of vacant land on the reservation. The SODI subsequently negotiated a worked with DOE, USEC, and LMUS to obtain usage of existing rail track for the Mead Company. Currently, the Mead Paper Company is constructing a Merchandising Facility and potential expansion to an estimated 40 FTEs. The total private investment by the Mead Paper Company is, estimated to date, \$3,000,000.
- The Zahn's Corner Project, one of SODI's priority off-site projects, is beginning to develop into a constructing a 1,000,000 square foot warehouse and distribution center. This first development in the Zahn's Corner Industrial Park will create a minimum guaranteed 150 full-time jobs and

- Ongoing communication between USEC, LMES, and Department of Energy Field management has been improved and maintained.

II.4.11 Richland Site

II.4.11.1 Background

The Hanford Site located in southeastern Washington State, was selected in January 1943 for building/operating the first full-scale plutonium production plants in the world. The first three plutonium production reactors were built along the banks of the Columbia River. Hanford's mission was to produce plutonium for a new weapon that would bring a swift end to World War II.

Government demand for plutonium continued after World War II. By 1964, nine plutonium production reactors were operating at Hanford. The Hanford site also housed facilities for the entire nuclear cycle, including fuel fabrication, chemical processing, waste management, and research. Peak production began to slow down in 1965 and Hanford began to diversify. Eight of the nine production reactors were closed between 1964 and 1971. Only N Reactor, with the dual purpose of plutonium and electricity production, remained in operation. N Reactor was placed in cold standby in February 1988. In 1991, the Department announced that N Reactor would be permanently shut down.

As a result of 40 years of plutonium production, many areas within the Site's boundaries are contaminated by chemical and radioactive wastes. The Hanford Site is engaged in the massive environmental cleanup and restoration project to deal with accumulated radioactive and chemical wastes. Hanford, along with other Department of Energy sites, has developed a 10-year plan for accelerated cleanup. Today Hanford is the largest environmental restoration effort in the world.

An important parallel mission to environmental cleanup is the development and deployment of new technologies, particularly those that will directly benefit environmental cleanup. This work is accomplished through the Pacific Northwest National Laboratory located at Hanford.

On October 1, 1996, the new Project Hanford Management Contract (PHMC) went into effect with Fluor Daniel Hanford as the management and integrating (M&I) contractor, leading a team of subcontractors in operating the Hanford Site. This performance-based contract is a radically new way of doing business and represents a major change from the management and operations (M&O) contracts of the past. The contract is unique to the government in that 100 percent of the fee is at risk on the performance based agreement.

II.4.11.2 History of Work Force Restructuring

Restructuring of the Hanford contractor workforce began after FY 1994 when Site employment, fueled by an environmental restoration and waste management mission, reached a peak of 16,952 prime contractor employees. In FY 1995 and FY 1996, 6,767 contractor employees were separated; 69 percent were voluntary, and 31 percent were involuntary.

Hanford issued its first notice of work force restructuring in February 1994. Between 500 to

Hanford's estimate of needed reductions was revised upward to nearly 4,800 positions as a consequence of budget reductions, as well as cost and management efficiency initiatives. These

detailing the process by which the reductions would be managed, was approved and implemented in February 1995.

October 1994. The program resulted in over 800 employees leaving the work force by the end of December 1994. This program was soon followed with a voluntary reduction of force and an

separation programs were put in place, including the first large-scale involuntary reduction of force. Consequently, by the end of FY 1995 job reductions totaled over 4,500 contractor employees. In

In January 1996, the Department announced the need to reduce the work force by an additional 300 to 500 employees. Reductions continued through FY 1996 as a follow-on to the January announcement

The new M&I contract was not expected to employ as many workers as were required under the existing M&O contract. Accordingly, total separations, including attrition, resulted in over 2,200

The Site experienced actual reductions in FY 1997 of 769 principal contractor and enterprise company positions due, mostly, to a higher than expected rate of attrition. Forty-four percent of all reductions

Total FY 1997 separations included 250 employees who were separated from enterprise companies. Of these separations, 140 were through attrition with no benefits, and 110 were involuntary

commitment of receiving full severance benefits based on their previous employment with the prime contractor, if they were involuntarily terminated within two years of transferring to the enterprise

of those benefits through January 1, 2000 has been authorized. Because these individuals are not considered prime-contractor employees, the involuntary reduction was not included in the site-wide

II.4.11.3 Current Work Force Restructuring

There were 407 involuntary separations in FY 1998 (Exhibit II.33). Of those separating, 328 received any benefits. In addition to the involuntary separations, there were 185 workers internally placed without retraining and 36 transfers to other sites. In addition to the prime-contractor separations, there

		FY 1998			
		Workers	Costs	Program	Total Costs
1.0	Positions Reduced Voluntarily		\$0	\$0	\$0
1.1	Early Retirement				
1.3	Net Positions Reduced Through Attrition				
2.0		407	\$98,800		\$3,223,100
		328	\$98,800		\$3,223,100
		229	\$98,800		\$2,823,100
		99		\$400,000	\$4,040
2.2	Without Benefits				\$0
		407	\$98,800		\$3,223,100
	Remaining Affected Workers		\$0		\$0
3.1	Workers Placed without Retraining				\$0
3.3	Transfers to Other Sites	36			\$0
4.0			\$141,100	\$1,034,500	
4.1	Displaced Worker Medical Benefits	258			\$992,500
4.3	Separating or Separated Workers Using Outplacement	168		\$42,000	\$43,200
4.4	Education Assistance for Separated Workers	167			\$139,900
	TOTAL COSTS FOR FISCAL YEAR 1998 (1)	n/a		\$5,248,400	\$5,556,500
6.0	NET POSITIONS REDUCED (Average Costs)		n/a	n/a	\$10,723
7.0		0	n/a		n/a
	INVOLUNTARY SEPARATIONS (All Benefits)	328		n/a	n/a
9.0	Other Separations (2)		\$68,200	\$1,089,600	\$6,933
9.1	Voluntarily Separated				\$0
		117	\$68,200		\$1,157,800

Note 1. Total costs for FY 1998 include costs associated with the Enterprise Company moves (line 9.0).

Exhibit II.33. Richland Work Force Restructuring Summary***Outsourcing***

Rehires. There were nine employees rehired by PHMC in FY 1998.

II.4.11.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$5.6 million (Exhibit II.33). Total enhanced benefits costs were \$308,000, while total program costs were \$5.2 million. The average severance cost per involuntary separation was \$7,900, with an estimated fully-burdened cost of \$13,300. The average cost for displaced worker medical benefits was \$3,800, the average cost for outplacement was \$250, and the average cost for education assistance was \$800.

II.4.11.5 Outplacement

The 1995 Hanford Workforce Restructuring Plan requires outplacement services to be provided to employees who were involuntarily laid off and to those who were approved for the voluntary reduction of force.

In April 1995, Westinghouse Hanford, Boeing Computer Services, and ICF Kaiser partnered with the Private Industry Council and Columbia Basin College to establish the Re-Employment Opportunity Center, in order to mitigate the social and economic impacts of workforce restructuring on the community. A short time later, Re-Employment Opportunity Center partners were joined by other Hanford contractors, the Washington Public Power Supply System, and United Way. During the first year the Re-Employment Opportunity Center served nearly 2,000 employees who made more than 20,000 visits.

The Re-Employment Opportunity Center provides resources that help clients transition to other jobs and/or pursue additional education and training. Partners contributed a wide variety of resources, including: computers with industry standard software packages computer skills training courses, microfiche with employment advertisements from 64 major cities, newspapers, magazines and trade journals, Internet stations, faxes and phones, counselors who assist clients in developing and implementing job search strategies, and access to the Job Opportunity Bulletin Board System (JOBBS).

Inclusion of United Way has provided a much needed service to employees and their families. Families are typically overlooked in the reduction process, and yet they play an important role in an employee's well being. The Re-Employment Opportunity Center has served as a model for the Washington State One Stop concept. The Re-Employment Opportunity Center continues to provide an effective service in the face of severe cutbacks of Hanford contractor staff.

Preference in Hiring. Each contractor at the Hanford Site has developed its own strategy for complying with preference-in-hiring requirements. In FY 1998, there were ten new hires as a result of their preference-in-hiring status.

II.4.11.6 Community Transition

In May 1994, the economic development organizations surrounding the Hanford Site designated the Tri-City Industrial Development Council (TRIDEC) as the Hanford Community Reuse Organization (CRO). The TRIDEC serves as the entity responsible for requesting, evaluating, and recommending proposals leading to the creation and retention of jobs; reviewing and recommending Hanford resources to be transferred to the community; and serving as a communication link between Hanford and other community entities interested in economic transition.

As of September 30, 1998, a total of \$18.7 million has been committed to the CRO, \$13.2 million of which has been spent. A total of 1,446 jobs have been created or retained, with an additional 2,000 predicted by the year 2001. Exhibit II.34 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$7,042,425	\$3,149,600	1,307	\$2,410	1,634
Financing Programs	\$1,675,000	\$1,461,659	2	\$730,830	
Reuse of On Site Assets	\$2,944,211	\$2,755,554	64	\$43,056	1,055
Training	\$650,000				
Land, Facilities, Research and Development Assistance	\$5,042,656	\$4,817,963	73	\$65,999	638
Planning / Program Management	\$1,335,090	\$1,007,985	0		137
Totals	\$18,689,382	\$13,192,761	1,446	\$9,124	3,464

Exhibit II.34 Richland Community Transition Funding and Job Creation

Over the past four years, TRIDEC has identified programs that were determined to be the best use of funding for transitioning the community from being dependent on the Department of Energy to becoming self-sustaining. Entities responsible for each program have been actively seeking other sources of funding to become less dependent upon the Department of Energy.

In addition to the section 3161 program activities administered by the CRO, the Richland Operations Office continues to support economic diversification efforts in a number of other ways. For example, support is provided in the areas of technology transfer and transfer of Hanford Site assets to community entities for economic reuse and job creation. Economic transition and/or outsourcing performance measures are incorporated as evaluation criteria for Site contractors. Some key

accomplishments resulting from these efforts, in cooperation with efforts from other community entities, were:

- Livingston Rebuild Center, a major locomotive repair company headquartered in Livingston, Montana, signed a lease with the Richland Operations Office for the high-bay portion of the 1171 Transportation Maintenance Building and rail yard. Livingston's Pacific Northwest satellite repair facility has resulted in nine jobs and is projected to result in as many as 50 local non-Hanford jobs within the next three years, reduce site mortgage costs, and generate lease revenues.
- Transfer of the 1100 Area (768 acres and 26 buildings) to the Port of Benton was completed in September 1998. This land and facilities are now in the process of being used and/or marketed to various businesses. Savings to the Department are estimated to be up to \$4 million over a ten-year period.
- Southern Rail Transfer - Over 16 miles of railroad were transferred to the Port of Benton in FY 1998. This allowed commercial use of the rail to support economic transition. Estimated savings to the Department are over \$2 million over a ten-year period.

The following information provides an update on the major accomplishments of selected projects funded by the CRO.

- *Entrepreneur Support Network* - Washington State University - Two 27-hour feasibility plan development class series were held with 22 participants; 2 14 hour feasibility plan development class series were held with 12 participants; one 30-hour business plan development class was launched. In addition, 12 seminars and workshops were provided with 211 participants. Additionally, three public presentations highlighting the program were made to 106 attendees. A total of 194 hours of individual counseling was provided to business owners. Approximately 240 jobs have been created from these efforts.
- *Entrepreneur Support Network* - Tri-Cities Enterprise Association - This program has funded 8 ventures since the program's inception with their 3161 Micro-Equity Fund (MEF) program. Also, 12 groups used the Office Resource Center (ORC) as registered participants' accessing it 122 times during FY 1998. Participants of the ORC and the MEF reported forming 13 businesses and employing 18 people over the last six months, and a total of 297 jobs have been created to date.
- *TRIDEC's Marketing Program* - The project continued its targeted proactive recruitment campaign during the past six months. In these targeted areas, the CRO is currently assisting 30 companies with some phase of their siting decision process, including hosting more than 25 community site visits. Additionally we supplied relocation information and assistance to clients working with our cities, ports, counties and private businesses. Companies that have relocated or expanded their operations in the Tri Cities have created 497 jobs.

-
- - Funding has been allocated to expected to create 60 jobs by the year 2001.
 - - One 32 submitted mini-business plans and 32 were approved for participation in the program. Eight new businesses have been started and 90 jobs created as a result of this program.
Tri Cities Visitor & Convention Bureau Tourism Marketing & Development program has generated \$9.2 million during its initial year in direct economic impact and sustained or created 173 jobs through new visitor spending. This program is comprised of three targeted Outreach.
 - has been completed. Modifications to the facility are complete. The laboratory is in the final stages of being fully permitted. Six tenants occupy the facility with a total of 71 occupants. Fourteen jobs
 - *Medical Isotopes* - The Nuclear Medicine Strategic Plan for the Tri-Cities was completed this year. The results of the Plan are very promising for therapeutic nuclear medicine and for developing expected to provide major benefits including utilizing skills of displaced Hanford workers and collaborative use of local laboratories. The program is utilizing the remaining \$70,000 from their \$200,000 to conduct clinical trials. This project is expected to eventually create 127 jobs in the Tri-Cities.

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From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Agri-business Commercialization and Development Center (ABCD)	\$660,656	\$659,963	40	\$16,499	308
Columbia Basin Minority Economic Development Association (CBMEDA)	\$455,025	\$312,800	10	\$31,280	15
Entrepreneurial Support Network by Benton-Franklin Regional Council (ESN-BFRC)	\$500,000	\$500,000	0		
Entrepreneurial Support Network by Tri-Cities Enterprise Association (ESN-TEA)	\$1,487,500	\$926,000	297	\$3,118	560
Entrepreneurial Support Network by Washington State University at Tri-Cities (ESN-WSU)	\$1,350,000	\$553,800	240	\$2,308	340
Hanford Regional Planning - Benton Co. (HRPC)	\$109,000	\$109,000	0		
PNNL, Entrepreneurial Leave of Absence Program (EntLOA)	\$600,000	\$508,000	90	\$5,644	50
PNNL, Local Technical Assistance Program (TAP)	\$732,000	\$532,000	19	\$28,000	60
PNNL, Technology Partnerships	\$150,000	\$126,000	0		
Radioactive Isotope Market Study	\$132,000	\$61,816	0		127
Southeastern Washington Development Association (SWDA) Equity Capital Fund	\$1,175,000	\$961,659	2	\$480,830	
Sparhawke Workforce Enterprise Program	\$50,000	\$50,000	0		
Tri-Cities Commercialization Partnership (TCCP) Expanded Technology Commercialization Base Program	\$410,019	\$410,000	16	\$25,625	80
Tri-Cities Science & Tech Park Master Plan (TCSTP)	\$50,000	\$50,000	0		
TRIDEC Administration	\$797,938	\$641,017	0		
TRIDEC, Advanced Process Engineering Laboratory (APEL)	\$3,500,000	\$3,500,000	14		270
TRIDEC, Commercial Aquaculture Program	\$316,000	\$127,362	2	\$63,681	40
TRIDEC, Hanford Technology Deployment Center	\$118,192	\$118,192	0		265
TRIDEC, Marketing	\$400,000	\$405,000	497	\$815	669
TRIDEC, Rivershore Marketing	\$210,500	\$189,000	0		
TRIDEC, Tourism Marketing and Development	\$226,400	\$205,000	173	\$1,185	

Exhibit II.35 Richland Funding and Job Creation by Program Area

II.4.11.7 Future of the Site

Future work force restructuring can not be determined at this time. Project Hanford's future holds the promise of more successes. Building on progress in all areas, there will be significant movement in the Tank Waste Remediation System, Environmental Restoration, Waste Management, Facilities Transition, and Spent Nuclear Fuels. These activities will require skills mix adjustments, regardless of whether overall work force declines.

II.4.11.8 Accomplishments and Lessons Learned

Accomplishments and lessons learned include:

- More attention should be given to the tax implications of educational assistance.
- Partnering with the community should never be ignored. Community representatives provide a wealth of information and support. This relationship enables the contractor to provide cost effective, targeted resources.
- It is important to work with the State, educational and local agencies during the development of the workforce restructuring plan to identify and resolve any conflict in the administration of financial resources. It can reduce and even eliminate potential confusion.
- The United Way is a valuable community resource and provides referral services that assist the entire family in the transition.

II.4.12 Rocky Flats Environmental Technology Site

II.4.12.1 Background

Today, the Rocky Flats Environmental Technology Site (RFETS) is an environmental cleanup site located 15 miles northwest of downtown Denver, Colorado. Originally established as a nuclear weapons production facility, Rocky Flats' mission has now evolved to one of environmental cleanup. It is designated by the U.S. Environmental Protection Agency as a Superfund Cleanup Site and is on the National Priorities List for cleanup.

In March 1951, the Atomic Energy Commission selected the Rocky Flats area as the site for a nuclear weapons production facility. From 1952 through 1989, the primary mission of the site was production of nuclear and nonnuclear components for the U.S. nuclear weapons arsenal. Production mission activities included plutonium and uranium metal working and fabrication, plutonium recovery and purification operations, and stainless steel and beryllium component manufacturing. The key component produced at Rocky Flats was the plutonium pit, commonly referred to as the "trigger" for nuclear weapons. In addition, research and development in the fields of chemistry, physics, metallurgy, materials technology, nuclear safety and mechanical engineering were conducted to advance the site's weapons production mission.

In 1989, nuclear production work at Rocky Flats was abruptly halted to address environmental and safety concerns related to nuclear operations. This suspension of operations was initially thought to be temporary; however, in 1992 the nuclear weapons production mission at Rocky Flats ended with the President's announcement of the cancellation of production of the W-88 Trident Warhead. Nuclear weapons production has never resumed at Rocky Flats. At that time, it was thought that Rocky Flats would remain a contingency site for nuclear weapons production operations, serving in a backup capacity. However in 1993, the Department of Energy (DOE) announced that Rocky Flats would no longer have any nuclear weapons production mission.

From 1993 to 1995, the Rocky Flats' mission went through a period of transition from its former production mission to the environmental cleanup mission. In 1995 the site's management changed from a management and operating contract, to an integrated management contract with Kaiser-Hill Company, L.L.C. and its team of prime subcontractors.

II.4.12.2 History of Work Force Restructuring

Work force restructuring at Rocky Flats involves comprehensive work force planning tied to future budget projections and adjustments in the skill mix. Under the direction of contractor management, with DOE, Rocky Flats Field Office (RFFO) oversight, project budgets and work force requirements are established to maximize the effective use of allocated funds. All contractor organizations prepare work force requirement projections by classification to meet project forecasts. The results are

compiled and reviewed by the DOE and the contractor in planning future work force restructuring activities.

Work force restructuring activities governed by section 3161 began at the Rocky Flats site in FY 1993. The prime contractor work force decreased from a total of 7,500 at the end of FY 1993 to a total of 3,410 at the end of FY 1997. From FY 1993 through FY 1997, three work force restructuring plans have been implemented and several reductions occurred under each plan. None of these actions included early retirement incentives, although one early retirement program did occur in 1992.

II.4.12.3 Current Work Force Restructuring

A total of 244 RFETS workers were separated under the FY 1998 work force restructuring budget (Exhibit II.36). Of the 244 separations, 66 percent were voluntary, and 34 percent were involuntary. All separations occurred under the 120-day notice issued in February of 1997 in which Kaiser-Hill and DOE announced the expectation that 400 staff reductions would occur in the next two years. Twelve voluntary separations and six involuntary separations had their costs accrued in September but will not leave the site until FY 1999.

Outsourcing. The Kaiser-Hill Team will retain employees with the skills required to deliver core activities at the site. Ancillary support activities that require fluctuating staffing levels or specialized expertise may be performed by subcontractors outside of the Kaiser-Hill prime team.

Consistent with DOE policies and procedures, DOE RFFO's Work Force Restructuring Plan Three, and with applicable collective bargaining agreements, make-or-buy cost evaluation tools continue to be used to determine whether outsourcing will accomplish measurable cost savings, or meet other outsourcing objectives. Staffing flexibility, avoidance of capital expenditures, increased efficiency, or access to expertise not available at the site, are key considerations when making the ultimate outsourcing decision.

The Kaiser-Hill Team has established a make-or-buy review committee to review initial outsourcing decisions. The review committee requests bargaining unit involvement in appropriate circumstances that have the potential to impact bargaining unit employees.

Outsourcing actions resulted in the separation of 61 employees in FY 1998.

Rehires. During FY 1998, the Kaiser-Hill Team rehired 40 displaced workers. Four of those workers were rehired through the section 3161 hiring preference process. Consistent with the General Release and Waiver signed by employees receiving a voluntary separation package, the Kaiser-Hill Team requires that each employee returning within one year of their separation date repay either a full or prorated amount of the VSPP payment and other benefits received. This was dependent upon the

Work Force Restructuring Plan and General Release and Waiver under which they separated. Two employees who had separated under a VSPP were rehired within one year and did repay their separation pay.

II.4.12.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$6.7 million. Total enhanced benefits costs were \$2.7 million, while total program costs were \$3.9 million. The average estimated fully-burdened cost per voluntary separation was \$29,000. The average estimated fully-burdened cost per involuntary separation was \$12,600 (Exhibit II.36 on the following page). The average cost of displaced worker medical benefits was \$6,000, the average cost of relocation assistance was \$3,600, outplacement was \$800, and education assistance was \$2,800.

The annual savings in salary and benefits for the 244 positions reduced is \$17.4 million, for a one-time cost of \$6.7 million.

II.4.12.5 Outplacement

The Rocky Flats Career Assistance Center, managed by the AFL-CIO Education and Training Office, offers a variety of services to displaced RFETS workers. These services include: resume preparation; correspondence assistance; computer job bank access; job-search training; one-on-one career counseling; copy, fax and telephone service, (local and long distance), reference library, Internet access, unadvertised job leads, personality/model testing, career path assessment, and job search support groups. Additionally, various workshops are conducted based on demand regarding assessment testing, unemployment survivability, job search techniques including information regarding "hidden markets," and interview practice. The center also administers the displaced worker retraining program, which provides tuition reimbursement to eligible displaced workers.

The current contract between the AFL-CIO and Kaiser-Hill Company, L.L.C. was executed October 1, 1997, and has been renewed again for FY 1999. Currently, the center is providing services to 578 actively enrolled clients, and 244 of those clients are receiving tuition assistance.

Office of Worker and Community Transition

SITE: Rocky Flats		FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	160	\$1,543,049	\$2,227,365	\$3,770,414	\$23,565
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only) (1)	148	\$1,543,049	\$2,227,365	\$3,770,414	\$25,476
1.3	Net Positions Reduced Through Attrition	12			\$0	\$0
2.0	Involuntary Separations (Severance Only)	84	\$54,633	\$714,760	\$769,393	\$9,159
2.1	With Benefits (1)	84	\$54,633	\$714,760	\$769,393	\$9,159
2.1.1	Non-construction workers	80		\$714,760	\$714,760	\$8,935
2.1.2	Construction workers (2)	4	\$54,633		\$54,633	\$13,658
2.2	Without Benefits					
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0 (2)	244	\$1,597,682	\$2,942,125	\$4,539,807	\$18,606
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	167			\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites	2			\$0	\$0
4.0	Other Benefits Provided		\$1,151,975	\$1,000,070	\$2,152,045	
4.1	Displaced Worker Medical Benefits	167		\$1,000,070	\$1,000,070	\$5,988
4.2	Relocation Assistance (3)	3	\$10,732		\$10,732	\$3,577
4.3	Separating or Separated Workers Using Outplacement	578	\$462,583		\$462,583	\$800
4.4	Education Assistance for Separated Workers	244	\$678,660		\$678,660	\$2,781
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$2,749,657	\$3,942,195	\$6,691,852	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	244	n/a	n/a	n/a	\$21,914
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	148	n/a	n/a	n/a	\$28,955
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	84	n/a	n/a	n/a	\$12,638
9.0	Other Separations (4)	1	\$0	\$9,912	\$9,912	\$9,912
9.1	Voluntarily Separated					
9.2	Involuntarily Separated	1		\$9,912	\$9,912	\$9,912

Note 1. Includes workers separated after September 30, 1998 with costs accrued to FY 98.

Note 2. Construction workers not with prime contract.

Note 3. Relocation separated under prior plan

Note 4. No subcontractor separations tracked unless covered by WFR funds.

Exhibit II.36. Rocky Flats Work Force Restructuring Summary

Preference in Hiring. The Kaiser-Hill Team's integrated staffing program requires that displaced workers, who have maintained their hiring preference, receive preferential consideration for job openings that are to be filled from outside the current incumbent workforce. Resumes of eligible former employees are maintained onsite and access to the JOBBS resource is also available and must be screened during the staffing process. Compliance with preference in hiring requirements is routinely monitored by Kaiser-Hill Human Resources, including monthly spot reviews of new hire actions. As of September 30, 1998, there were 204 former employees who are eligible for preference in hiring.

II.4.12.6 Community Transition

The Rocky Flats Local Impacts Initiative (RFLII) is a unit of local government formed in 1991 by an intergovernmental agreement of fifteen local governments. RFLII is governed by a 20-member board consisting of local elected officials, labor unions and salaried workers, chambers of commerce and economic development agencies, site neighbors, and community-based interest groups.

In FY 1993, RFLII was designated the Community Reuse Organization (CRO) for the Rocky Flats Site. As the CRO, the mission of RFLII is to identify opportunities and impacts resulting from the change in mission at Rocky Flats, implement programs to maximize the opportunities and mitigate the impacts, and plan for the site's future. By comparing the skills of Rocky Flats workers and the socioeconomic impacts of downsizing with existing and emerging industry segments, the RFLII developed a strategy to guide its community transition programs. The strategy involves creating new, permanent, high-wage private sector jobs, especially in fields matching the skills of displaced Rocky Flats workers by: strengthening and diversifying the local economy; helping companies in target growth sectors expand; assisting businesses started by Rocky Flats workers; and enhancing research, training, education and technical assistance in target industry sectors.

The RFLII was initially funded by State and local governments and private contributions. It then received a planning grant from the Economic Development Administration in 1993. In addition to operating support, the RFLII received a three-year, \$4 million grant in 1994 from the Department of Energy to implement the community transition plan. A second \$4 million was provided for 1997 and 1998.

Projects are carried out with local partners including universities, economic development agencies, Small Business Development Centers, and nonprofit business incubators who contribute time and money toward the success of the projects. RFLII will terminate its community transition projects at the end of calendar year 1998, at which time eight of the eleven projects will continue without Department of Energy support.

The RFLII successor organization will continue to be sponsored by local governments and will focus on future use of the Rocky Flats site and assuring that cleanup plans are consistent with future use plans. The formal transition is expected to occur in the first quarter of 1999.

As of September 30, 1998, a total of \$10.7 million has been committed to the CRO and \$21.0 million to the National Conversion Pilot Project for a total of \$31.7 million. Of these funds, \$30.6 million has been spent, resulting in 1,789 jobs being created or retained, with an additional 1,500 projected by the year 2001.

Exhibit II.37 provides an allocation of job creation and funding statistics by six economic development categories between FY 1993 and September 30, 1998.

Office of Worker and Community Transition

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$2,976,205	\$2,253,718	1,307	\$1,724	2,091
Financing Programs	\$592,500	\$444,069	112	\$3,965	147
Reuse of On Site Assets	\$21,315,501	\$21,384,066	220	\$97,200	277
Training	\$975,000	\$962,859	16	\$60,179	200
Land, Facilities, Research and Development Assistance	\$2,327,540	\$2,211,708	134	\$16,505	605
Planning / Program Management*	\$3,548,878	\$3,354,363	0		0
Totals	\$31,735,624	\$30,610,783	1,789	\$17,111	3,320

*This program area contains funds allocated to support the following projects: Future Use Planning, Support for the Labor Management Council, Outreach and Public Information Program, and Socioeconomic Impact Analysis. These projects were not intended to create jobs.

Exhibit II.37 Rocky Flats Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- *The Entrepreneur Resource Program* – This Program is administered by the RFLII and provides management assistance vouchers, business incubator subsidies, and information services to companies started by Rocky Flats workers and companies in targeted industries likely to hire Rocky Flats workers. Since program inception in 1995, 396 companies have been served—226 of which were started by former Rocky Flats workers—resulting in 1,200 new jobs. Two Entrepreneurial Resource Program companies formed by former Rocky Flats workers, the Alpha Group and Project Management Alliance, were recognized as two of the fastest-growing companies in the Denver metro area.
- *Equipment Transfer Program* – The RFLII, through a Memorandum of Agreement with the Department of Energy, sold clean excess equipment to manufacturing firms in ten local area counties. One hundred seventy-seven companies have been assisted, with total sales of over \$310,000, generating almost \$287,000 to the Rocky Flats Environmental Technology Site (RFETS) under a Congressional pilot project. Sales scheduled for August and October of 1998 were canceled by the contractor, and the program will likely be replaced by a direct public auction from the site.
- *The Rocky Flats Industrial Area Transition Task Force* – The Task Force, formed by RFLII and co-chaired by RFFO, presented its recommendations to the Department of Energy for

cleanup standards, facility disposition, and reuse for the 400-acre Rocky Flats industrial area. Following a one-year planning process, the Task Force recommended that the Industrial Area be cleaned to a standard to allow a range of future uses including an employment center and that all buildings and infrastructure be removed as part of cleanup. The website developed for the Task Force effort won an award from *Online Government* magazine. This website was used to gather public opinion for ideas to determine the use of the core area of the former nuclear weapons plant.

- *Microloan Program* – Over \$2 million of private funds have been generated for Business Capital of Colorado's Small Business Financing Program. Four equity investments of over \$500,000 each were generated through Colorado Capital Alliance.
- *Entrepreneurs' Technical Assistance Program* – Nine technology companies are completing projects to help commercialize products, assisted by university researchers. The program was featured at a Technology Transfer conference held in London in July 1998. The Colorado General Assembly allocated \$107,000 to ETAP for 1999.
- *Manufacturing Technical Assistance* – During FY 1998, six manufacturing companies were provided with technical assistance vouchers to augment the Mid-America Manufacturing Technology Center services.
- *Bio-Medical Internship Program* – Eight biomedical companies received intern assistance in June, July and August of FY 1998 from research students at local universities to help with commercialization of their biomedical products.
- *Business and Export Resource Ambassador Network Program* – In the fourth quarter of FY 1998, the program hosted a delegation from Russia at a roundtable discussion of environmental services opportunities and unmet needs. In September 1998, a delegation from Chile focused on environmental technology in the mining industry.
- *Small Business Assistance* – RFLII sponsored a seminar on Small Business Innovation (SBIR) grants, attended by 42 companies, and four Leading Edge seminars, which provided extensive consultation to 100 small businesses over an eight-week period in FY 1998.

Exhibit II.38 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneur Resource Program	\$2,226,205	\$1,787,526	1,200	\$1,490	1,800
Entrepreneurial Technical Assistance Program (ETAP)	\$1,077,790	\$1,042,152	130	\$8,017	600
Environmental Technology and Education Centers	\$707,250	\$707,250			
Regional Atmospheric Response Center (RARC)	\$417,500	\$417,500	4	\$104,375	
Rocky Flats Local Impacts Initiative (RFLII) Operations and Reuse Plan	\$3,548,878	\$3,354,363			
Rocky Mountain Manufacturing Academy (RMMA)	\$950,000	\$950,000	16	\$59,375	200
Bio-Medical Internship Program	\$65,000	\$49,245			5
Business Ambassador and Export Resource Network	\$225,000	\$105,260			10
Equipment Transfer Program	\$228,873	\$297,438	143	\$2,849	200
Jefferson Economic Council Marketing Pilot	\$250,000	\$153,989	95	\$8,198	231
Small Business Financing (CCA/BCC/CEF)	\$592,500	\$444,069	112	\$65,920	147
Work Enterprise Program	\$160,000	\$141,298	3	\$47,099	25
Environmental Compliance Project	\$125,000	\$44,806			5
Manufacturing Assistance	\$50,000	\$16,400	9		20
Public Educ & Business (TECHTrak)	\$25,000	\$12,859			
Subtotal	\$10,648,996	\$9,524,155	1,712	\$5,563	3,243
(NCPP)	\$21,086,628	\$21,086,628	77	\$273,852	77
Totals	\$31,735,624	\$30,610,783	1,789	\$17,111	3,320

Exhibit II.38 Rocky Flats Funding and Job Creation by Program Area

II.4.12.7 Future of the Site

Rocky Flats still houses 14 tons of plutonium and seven tons of uranium. These materials, as well as transuranic waste, are scheduled for shipment to other DOE facilities and storage sites. The current site mission is to make it safe, clean it up, and close it down. Management's key priority is the safe, accelerated closure of the site. Kaiser-Hill and DOE, working in coordination with Rocky Flats

stakeholders, have developed a draft plan to substantially complete the cleanup and closure of Rocky Flats within a ten-year period. Key factors impacting the ability to reach the ten-year cleanup goal will be the adequacy of funding levels and the availability of locations to ship the site's waste and nuclear materials.

During this closure period, key activities will include risk reduction through special nuclear material stabilization and consolidation, waste management, environmental remediation, deactivation, decontamination and decommissioning. Building and facilities have already begun to come down. Inherent in these operations, safety remains the top goal.

Approach to Closure Activities. DOE and the Kaiser-Hill Team are preparing another approach to closure activities at the site which will be implemented in FY 1999. The new approach will shift the emphasis from paying employees additional funds as they separate to encouraging the retention of necessary employees through the end of their closure assignments. Some career services which are currently available only to separated employees will now be made available to working employees to prepare themselves for future separation.

II.4.12.8 Accomplishments and Lessons Learned

A number of accomplishments and lessons learned have been incorporated into the current work force restructuring process at the site to mitigate the impact of work force restructuring activities.

- Establishment of a review board to evaluate candidates for layoff and use of the board early in the employee selection process to review diversity and other issues, is believed to minimize last minute decisions made by management.
- Maximizing advance notice to employees of impending outsourcing or other restructuring actions has allowed employees a reasonable opportunity to make decisions regarding alternate placement on site, to begin an external job search, or to accept employment with the outsourced subcontractor, if that option is available.
- Human Resource support and training is provided to managers who are tasked with giving at-risk or reduction-in-force notices to their employees to minimize disruption and to ensure clear communication of important information to the affected employees.
- A formal meeting titled "Your Next Step" is provided to affected employees during the employee check-out process. Attendance is optional, yet strongly encouraged. The session covers critical information such, as how and where to apply for state unemployment benefits. Other community resources available to the recently unemployed are identified. Benefits available under the Team's voluntary and involuntary programs are reviewed and discussed. It also describes resources available at the Career Assistance Center. Employee Assistance

Program services are also made available at this time. The session uniformly receives positive feedback from displaced workers and allows them to immediately focus their energy toward finding future employment and in dealing with the loss of their jobs in a positive manner.

- Guidelines regarding use of retraining benefits have been liberalized to facilitate an employee's ability to retrain for new employment at their own pace and therefore, at a potentially quicker pace than under previous guidelines.
- The Career Assistance Centers, both onsite and offsite, provide Internet access to job search networks and CD ROM-based databases are also made available to both active and displaced workers.

II.4.13 Sandia National Laboratories

II.4.13.1 Background

Sandia National Laboratories, one of the largest research and development facilities in the nation, is located in Albuquerque, New Mexico. Since 1951, Sandia has conducted multiprogram engineering and science nuclear weapons complex work under contract with the Department of Energy. Sandia is currently managed and operated by Sandia Corporation, a wholly-owned subsidiary of Lockheed Martin Corporation.

With the end of the Cold War, nuclear weapons work has been refocused. As a Department of Energy national laboratory, Sandia is devoted to leadership in applying the best integration of scientific and engineering creativity and expertise to our nation's most pressing problems, working in partnership with universities and industry to serve national interests. Sandia provides scientific and engineering solutions to meet national needs in nuclear weapons and related defense systems, energy security, and environmental integrity, and addresses emerging national challenges for both government and industry. Sandia's mission includes many projects that tend to be threat-driven in the areas of environment, energy, manufacturing, transportation, space, and the nation's economy.

To meet mission requirements, Sandia has established eight strategic objectives for the next decade. The first set of objectives describes the focus of the laboratory activities. These include, assuring a U.S. nuclear deterrent; reducing U.S. vulnerabilities to the proliferation, threat, and use of weapons of mass destruction, and to other nuclear incidents; enhancing the safety, security, and reliability of energy and critical global infrastructures; and developing high-impact responses to emerging national security threats. The second set of objectives addresses how the laboratory will accomplish these activities by selecting the best people to join and remain at Sandia and to measure the performance of both teams and individuals; creating a laboratory that works better and costs less, with an infrastructure that is a competitive advantage for their strategic missions; balancing the state of knowledge and use these advances to solve customer technical problems; and maximizing the beneficial use of strategic partnerships.

II.4.13.2 History of Work Force Restructuring

With a majority of Sandia's funding tied to defense work, the end of the Cold War signaled a future decrease in funding. As early as FY 1992, the Laboratories were restructured, eliminating one entire management layer, resulting in a leaner and more efficient organization. Efforts were made in FY 1994 to reduce costs and to minimize the effects of the anticipated reductions in funding for FY 1995 and ensuing years, while retaining a workforce with the skills necessary to fulfill the Department's mission. Business processes were and are being reengineered to provide more cost-effective operations. There were no formal restructuring activities in FY 1995, although 463 employees separated through attrition, and 19 employees not eligible for separation benefits were involuntarily separated.

In FY 1996, Sandia determined it was necessary to restructure the work force, and the decision was announced in December 1995. To mitigate the impact of potential involuntary reductions, a Voluntary Separation Incentive Program (VSIP) was approved and announced to employees. Two hundred seventy-one employees took advantage of the VSIP and an additional 314 left through attrition. Ten employees not eligible for separations benefits were also separated. An additional 45 were placed in other jobs at the site without further training.

Continued funding reductions required another work force restructuring activity in FY 1997 of 481 total separations. There were 356 separations through the VSIP and 125 positions were reduced through net attrition.

II.4.13.3 Current Work Force Restructuring

There were 19 positions reduced from Sandia National Laboratories in FY 1998 (Exhibit II.39). There were 12 involuntary separations and seven nonretirement voluntary separations.

Outsourcing. No employees were separated from Sandia as a result of outsourcing in FY 1998.

Rehires. There were 31 rehires at Sandia in FY 1998.

II.4.13.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1998 was \$729,000 (Exhibit II.39). Total enhanced benefits costs were \$207,400, while total program costs were \$521,600. The average estimated fully-burdened cost per involuntary separation was \$70,7000, and \$68,400 for nonretirement voluntary separations. The average cost of displaced worker medical benefits was \$1,200, and the average cost of education assistance was \$800.

The annual savings in salary and benefits for the 19 positions reduced is \$1.4 million, for a one-time cost of \$729,000.

Office of Worker and Community Transition

SITE: Sandia National Laboratory		FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	7	\$0	\$454,350	\$454,350	\$64,907
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)	7		\$454,350	\$454,350	\$64,907
1.3	Net Positions Reduced Through Attrition					
2.0	Involuntary Separations (Severance Only)	12	\$0	\$67,252	\$67,252	\$5,604
2.1	With Benefits	1	\$0	\$67,252	\$67,252	\$67,252
2.1.1	Non-construction workers	1		\$67,252	\$67,252	\$67,252
2.1.2	Construction workers					
2.2	Without Benefits	11	\$0		\$0	\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	19	\$0	\$521,602	\$521,602	\$27,453
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed without Retraining	55	\$0		\$0	\$0
3.2	Workers Internally Placed through Retraining					
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$207,365	\$0	\$207,365	
4.1	Displaced Worker Medical Benefits	106	\$124,086		\$124,086	\$1,171
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement					
4.4	Education Assistance for Separated Workers	105	\$83,279		\$83,279	\$793
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$207,365	\$521,602	\$728,967	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	19	n/a	n/a	n/a	\$28,918
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	7	n/a	n/a	n/a	\$68,386
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	1	n/a	n/a	n/a	\$70,731
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.39. Sandia National Laboratory Work Force Restructuring Summary

II.4.13.5 Outplacement

Employees who left Sandia through the VSIP were offered outplacement assistance from StarAccess. StarAccess provided a full range of outplacement services that included: performing job searches, developing and maintaining job leads, assisting with resume creation, reproduction and mailing, maintaining job market information, publicizing terminated workers' skills, and facilitating registration with government bureaus and services. A Career Transition Center was available in Albuquerque with phone lines, computers, and copy machines as part of the outplacement services. Employees who used the Career Transition Center were offered workshops on topics such as resume writing, interviewing skills, career assessment, job search techniques, and personal finance counseling. Training for managers at Sandia was available on such topics as violence in the workplace and survival skills for remaining employees.

Preference in Hiring. All separations have been voluntary, therefore no separated employees were eligible for preference-in-hiring consideration. There were no workers from other Department of Energy sites placed at Sandia through preference-in-hiring in FY 1998.

II.4.13.6 Future of the Site

The current size of the Laboratories appears to be at an affordable level and will permit a hiring program that will strengthen its efforts in cutting-edge technologies. It is expected that an ongoing process of internal movement, retraining of employees, and normal attrition will accommodate any staffing impacts.

II.4.13.7 Accomplishments and Lessons Learned

Accomplishments:

The fact that there were no involuntary separations of full-time employees as a result of Sandia's two workforce restructuring activities highlights the success of its reengineering efforts. A number of factors contributed to this success.

- Organizational teamwork and senior management support were instrumental in realizing successful restructuring. All organizations worked together toward the common goal of no involuntary layoffs, and senior management acknowledged their ownership of the process, actively supporting it and being personally involved in the details of the decision-making.

- Effective communications were critical to our success. Sandia was able to clearly communicate to employees in a timely fashion the situation they were facing. This communications took place on several levels:
 - S Managers to employees. Managers received information regarding the corporate activities through “town meetings” and a published information guide. They, in turn, conducted meetings of their “direct-report” employees to share information, answer questions, and relay concerns.
 - S Individual employees. Every employee also received a packet of information on the day of the announcement. The packet included information on the voluntary separation incentive package, assistance contacts, and guidance on job openings in the Laboratories.
 - S Internal media. Used several methods, including the *Lab News* (bi-weekly newspaper), the Internal Web’s *Daily News*, and the *Weekly Bulletin*; and a letter from the President of Sandia was also distributed to all employees.
 - S Weekly forums. During the restructuring actions, meetings were conducted weekly among representatives from all Vice Presidents and Human Resources to record progress and work unresolved issues.
- Sandia first implemented and communicated its policy regarding the realignment of impacted employees to new work/jobs in September 1995, providing an early framework for eventual restructuring activities. Over two years in development, it describes the principles that drive decision-making regarding realignment, the responsibilities of Sandia’s executives, managers, and employees in the process, and the events which mark progress through the process.
- One particular feature of the voluntary separation incentive package was offering the voluntary separation incentive to both impacted and nonimpacted employees. Employees whose work was being reduced were identified as “impacted” employees. Their options included finding another position at the Laboratories or electing a voluntary separation with incentive. However, if an impacted employee did not want to voluntarily separate, he or she could “backfill” the job of a non-impacted employee who would like to separate. A voluntary separation incentive package application could be approved for a nonimpacted employee as long as it saved the job of an impacted employee. This created a “win-win” situation for all concerned: the impacted employee did not have to separate, the nonimpacted employee separated with an incentive, and no involuntary separations were required.
- Strategic partnerships between Human Resources and line organizations were also instrumental in the success of work force restructuring. The Strategic Staffing Forum is an assembly of representatives from all vice presidencies (and chaired by the Laboratories’ staffing

manager), which addresses corporate-wide staffing issues. It is an effective clearinghouse of information and exchange between Human Resources and the various lines of business regarding the appropriate conduct and timing of restructuring activities. The Human Resources Staffing Planning function provides the tools and analysis to support the organizations in the description of its staffing needs. The Employee Development Center supports employees in their career development, underscoring the principle of employee “ownership” of job and career at Sandia.

Lessons Learned:

- Communication, while acknowledged as one of the strongest features of the first separation program, was identified as an area where even more improvement could be made. Information available to employees through the use of electronic communication on Sandia’s internal web was timely and up-to-the-minute. It included information guides for managers and employees, and a resource list of assistance-related contacts, and a dynamic list of job openings available to impacted employees.
- Making a list of potential job openings to impacted employees proved valuable. A list of openings from across the Laboratories was compiled and posted on the internal web. Impacted employees could bid on any jobs for which they qualified. The process required hiring managers to consider any impacted employees who bid on the jobs.
- Advertising positions that would be available to impacted employees upon nonimpacted employees’ departures was a very useful tool for restructuring. As described above, the voluntary separation incentive package application of a nonimpacted employee could be approved if it saved the job of an impacted employee. A list of the positions of non-impacted employees who wished to separate was made available on the internal web to streamline the process of linking an impacted employee to the job of a nonimpacted employee.

II.4.14 Savannah River Site

II.4.14.1 Background

The Savannah River Site (SRS) covers approximately 310 square miles along the Savannah River in three counties in South Carolina. In the summer of 1950, the United States was developing a hydrogen bomb and the Soviet Union had begun nuclear weapons testing. By the end of that year, the United States Atomic Energy Commission (which later became the Department of Energy) announced it would build a facility to produce tritium and plutonium for the Nation's nuclear weapons stockpile. The site would include five nuclear reactors, two chemical separations areas, feed material facilities, and a facility to produce heavy water (water with a preponderance of its hydrogen atoms as the isotope deuterium).

Initial operations began in October 1952, and the first reactor became operational in December 1953. The first shipment of plutonium was shipped in December 1954. The Savannah River Site continued to produce special nuclear materials until 1988, when the last operating reactor was shut down.

After more than 40 years of operation, the SRS has accumulated and stored massive quantities of radioactive waste. Emphasis on waste management along with environmental restoration missions grew substantially over the years and have now become a significant element of the Site's overall mission. These functions increased by 35 percent from the end of the Cold War in September 1991, through FY 1997.

The following provides a description of current missions.

Tritium: The tritium mission includes unloading reservoirs and recycling tritium, remanufacture of returned reservoirs, loading tritium and other gases into reservoirs, extracting gas from available targets and purifying the tritium, and testing tritium delivery systems and performing reservoir stockpile surveillance.

Spent Fuel: Spent nuclear fuel and irradiated production reactor targets are managed in onsite concrete, water-filled storage basins. The fuel originated from the site's production reactors and from domestic and foreign research reactor programs.

Canyon Operations: Two primary separations facilities - F Canyon and H Canyon - are where nuclear materials have historically been chemically recovered and purified. Currently, F Canyon is dissolving and processing Taiwan Research Reactor spent fuel. H Canyon is preparing to start up head end and dissolver operations for processing Mark 16 and Mark 22 fuel targets.

Waste Management: Weapons material production at SRS has produced 34 million gallons of high-level radioactive waste stored in underground tanks. The Defense Waste Processing Facility is processing this waste to bond the radioactive elements in borosilicate glass, a stable storage form.

Other activities involving operations that must be safely managed include the treatment, storage and disposal of low-level solid and liquid radioactive, transuranic, hazardous, mixed, and sanitary wastes.

Environmental Restoration: The Site's environmental restoration program is responsible for assessment and cleanup of contaminated, radioactive, hazardous and nonhazardous waste sites that are no longer part of active operations. It includes over 400 units ranging in size from a few feet to tens of acres.

II.4.14.2 History of Work Force Restructuring

From the beginning of FY 1993 through the end of FY 1996, there were approximately 6,700 prime contractor separations, 83 percent have been voluntary and 17 percent have been involuntary.³ There were also approximately 2,100 subcontractor separations from FY 1993 through FY 1996.

In April, 1993 SRS announced a work force restructuring of approximately 2,600 positions based on budget reductions and changes in Site missions. The challenge was to manage the employment reduction while minimizing, to the extent practical, the impact on individuals and on surrounding communities. Based on the information available at that time, it was expected that about 1,400 positions would be reduced through attrition, including the ebb and flow of construction crafts and the release of temporary workers, and about 1,100 positions would be reduced through an early retirement incentive and incentivized voluntary separation programs. It was anticipated that only about 100 full-service employees would be involuntarily separated.

Actual reductions for FY 1993 and FY 1994 were approximately 3,550, including approximately 1,440 subcontractor/temporary/construction worker separations. There were approximately 970 separations through attrition, approximately 730 through the early retirement, approximately 380 through the voluntary separation program, and approximately only 30 involuntary reductions. The majority of the reductions took place in FY 1993, with minor reductions in FY 1994.

In February 1995, the site announced a second work force restructuring of approximately 4,200 positions based on the continuing need to reduce Federal expenditures, on changing site missions, and on contractor reform initiatives including additional fixed-price contracting. Actual reductions in total contractor employment for FY 1995 totaled approximately 3,900, including approximately 420 subcontractor employees. There were 71 percent voluntary reductions and 29 percent involuntary.

³ Total prime contractor separations from FY 1993 through FY 1996 include approximately 970 separations through attrition at no cost to the Department. Of those separations, approximately 870 were not included in the FY 1993/1994 Annual Report due to a change in tracking separations through attrition.

In March 1996, continuing pressures surrounding the FY 1996 and FY 1997 budgets caused the Department to announce that approximately 1,950 additional positions at SRS were to be eliminated in FY 1996. These planned reductions were to occur through means of normal attrition, a voluntary separation program, followed by an involuntary reduction in force. However, in April 1996, the Department announced a moratorium on all involuntary separations through December 31, 1996.

The planned voluntary separations programs were implemented and resulted in approximately 290 contractor employees separating voluntarily. This was a significantly smaller number than originally planned prior to announcement of the moratorium on involuntary separations. Total reductions for FY 1996 were approximately 1,200 contractor employees, including around 200 subcontractor employees. There were 53 percent voluntary reductions and 47 percent involuntary reductions. All involuntary separations occurred before the announcement of the moratorium or were part of the ebb and flow process due to normal completion of work. None of the involuntary separations were permanent prime contractor employees.

The involuntary reductions planned for FY 1996 began in January 1997 after the moratorium on involuntary separations ended. Based on a revised work force analysis conducted in December 1996, approximately 876 reductions were needed by April 1997. Actual reductions in contractor employment totaled 676 from January 1997 through March 1997. Reductions included 235 full-service employees, 257 construction crafts employees, and 152 subcontractors.

The President's FY 1998 budget announced in February 1997 created a shortfall of over \$100 million from FY 1997 to FY 1998. Through the work force analysis process, approximately 1,100 full-service positions were identified for a two-phase reduction between March 31, 1997, and September 30, 1997, including estimated attrition of 200 positions. As of September 1997, only Phase I reductions of 603 had taken place. There were 1,148 net prime contractor positions reduced in FY 1997, 35 percent were voluntary and 65 percent were involuntary.

II.4.14.3 Current Work Force Restructuring

There were 149 separations at the Savannah River site in FY 1998 (Exhibit II.40). There were 11 positions reduced through attrition and the remaining 138 separations were involuntary, with 77 receiving benefits and 61 not receiving benefits. The involuntary separations in FY 1998 were due to normal ebb and flow in the construction trades.

Retraining for Reassignments. Seventeen nonexempt employees volunteered for internal transfer to fill needed positions vacated due to attrition, or new positions resulting from expanded missions. Ten of these employees required extensive retraining, at a cost of approximately \$20,000 per employee, to meet the qualification requirements of the new position. The remaining seven required only informal facility specific on-the-job training for which costs are not calculated.

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SITE: Savannah River		FY 1998				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	11	\$0	\$0	\$0	\$0
1.1	Early Retirement					
1.2	Non-Retirement Voluntary Separations (Severance Only)					
1.3	Net Positions Reduced Through Attrition	11	\$0		\$0	\$0
2.0	Involuntary Separations (Severance Only)	138	\$339,890	\$0	\$339,890	\$2,463
2.1	With Benefits	77	\$339,890	\$0	\$339,890	\$4,414
2.1.1	Non-construction workers					
2.1.2	Construction workers (1)	77	\$339,890		\$339,890	\$4,414
2.2	Without Benefits	61			\$0	\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	149	\$339,890	\$0	\$339,890	\$2,281
3.0	Remaining Affected Workers		\$0	\$200,000	\$200,000	
3.1	Workers Placed without Retraining	372			\$0	\$0
3.2	Workers Internally Placed through Retraining (2)	17	\$0	\$200,000	\$200,000	\$11,765
3.3	Transfers to Other Sites					
4.0	Other Benefits Provided		\$923,682	\$565,462	\$1,489,144	
4.1	Displaced Worker Medical Benefits (3)	134		\$565,462	\$565,462	\$4,220
4.2	Relocation Assistance					
4.3	Separating or Separated Workers Using Outplacement	254	\$699,616		\$699,616	\$2,754
4.4	Education Assistance for Separated Workers	116	\$224,066		\$224,066	\$1,932
5.0	TOTAL COSTS FOR FISCAL YEAR 1998	n/a	\$1,263,572	\$765,462	\$2,029,034	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	149	n/a	n/a	n/a	\$4,079
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	77	n/a	n/a	n/a	\$7,893
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated					
9.2	Involuntarily Separated					

Exhibit II.40. Savannah River Work Force Restructuring Summary

Approximately 370 exempt employees transferred to new positions during FY 1998. Each was fully qualified for the new position, therefore, no retraining was required for these employees.

Outsourcing. In addition to the six outsourcing initiatives that occurred at the Savannah River Site through FY 1997, in early FY 1998 Westinghouse Safety Management Solutions (WSMS) was formed as the latest “spin-off” company from WSRC. On October 1, 1997, approximately 154 WSRC employees accepted positions with the newly formed company.

Rehires. During FY 1998, there were a total of 21 rehires. Fourteen were nonexempt former employees that were rehired into different positions and units than they had been involuntarily separated from. However, based on qualification testing, each met the minimum qualifications for rehire into the new position/unit. The remaining seven rehires were former exempt employees that had participated in an earlier voluntary separation program. Each of the seven exempt rehires had been separated more than one year at the time of rehire.

II.4.14.4 Costs and Cost Savings

The total work force restructuring payments made in FY 1998 were \$2 million. Total enhanced benefits costs were \$1.3 million, while total program costs were \$765,000. The average estimated fully-burdened cost per involuntary separation was \$7,900 (Exhibit II.40). The average cost of displaced worker medical benefits was \$4,200, the average cost of outplacement was \$2,800, and education assistance was \$1,900.

The annual savings in salary and benefits for the 149 positions reduced is \$10.6 million, for a one-time cost of \$2 million.

II.4.14.5 Outplacement

Outplacement assistance has been a strong aspect and a very successful element of the Site's work force restructuring program.

Due to the declining usage of the Outplacement Center during FY 1998, the large offsite facility was moved to a smaller onsite facility where the same level of services were provided for significantly less cost. This was an interim measure for ultimately transitioning all outplacement services to a new State "One-Stop" displaced worker resource center to be housed at Aiken Technical College. This has been the result of ongoing collaborative efforts between the State of South Carolina Employment Security Commission, Aiken Technical College and WSRC which culminated in an agreement for SRS to transition all outplacement services to the "One-Stop" on October 5, 1998. Under the agreement, the State Resource Center will fund and provide all services now offered by the SRS onsite outplacement center with the exception that WSRC will maintain preference-in-hire eligible listings and the JOBBBS database.

At the start of FY 1998, there were 165 former SRS employees using outplacement center services to seek a job for the first time; there were also 89 former employees who were return job seekers. As of September 30, 1998 only four former employees were classified as first time job seekers; 11 others were using outplacement center services as return seekers.

Preference in Hiring. There are a total of approximately 57 former site employees who have current preference-in-hire eligibility forms on file. During FY 1998, 11 former employees who were preference-in-hire eligible were rehired and placed on employment rolls.

II.4.14.6 Community Transition

The Savannah River Regional Diversification Initiative (SRRDI) is the Community Reuse Organization (CRO) for the Savannah River Site and was created by Congress in November 1993. SRRDI is a not-for-profit organization run by a 22-person Board of Directors appointed by local governments, chambers of commerce, and members of the South Carolina and Georgia Congressional Delegations.

SRRDI's overall objective is to create an environment conducive to technology-based business startups, business expansions, and to attract new ventures to the SRRDI region. Through its efforts, SRRDI helps diversify the region's economic base; create and retain high value, long-term private sector jobs; and transfer Savannah River Site (SRS) Technologies to new and existing area firms for commercial application.

As of September 30, 1998, a total of \$47.6 million has been committed to the CRO, the SRS Operations Office, the M&O contractor, and other economic development associations. To date, \$25.9 million has been spent. A total of 3,451 jobs have been created or retained, with an additional 5,500 projected by the year 2001. Exhibit II.41 provides an allocation of job creation and funding statistics by six economic development categories at the site between FY 1993 and September 30, 1998.

FY 1993 through FY 1998					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$5,736,573	\$5,310,588	105	\$50,577	272
Financing Programs	\$6,104,605	\$2,143,429	1,576	\$1,360	2,764
Reuse of On Site Assets	\$711,005	\$579,906	507	\$1,144	1,255
Training	\$2,128,383	\$678,126	155	\$4,375	2,237
Land, Facilities, Research and Development Assistance	\$23,104,900	\$13,594,974	542	\$25,083	1,022
Planning / Program Management	\$9,837,159	\$3,547,543	566	\$6,268	1,431
Totals	\$47,622,625	\$25,854,566	3,451	\$6,742	8,981

*The "Funds Spent" total includes \$2,586,414 costed by the "Centers of Excellence" project. These funds are non-section 3161 funds and are not expected to create jobs in the local community. This figure is subtracted when calculating the "Cost per Job" ratio.

Exhibit II.41 Savannah River Community Transition Funding and Job Creation

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- SRRDI has funded a total of 38 planning and implementation projects within the five-county region in Georgia and South Carolina. Almost \$7 million in DOE funding has been committed by SRRDI to these projects, which are expected to result in almost 2,000 jobs created or retained by 2001.
- Project participants have verified the creation of over 440 new high value private sector jobs involved in manufacturing or research and development, and the retention of over 1,500 existing jobs. Funding for these projects has been used to invest in the development of seven new technology-based products, the retraining of over 1,300 area workers, and the start-up of six new technology-based companies in the region.
- *"Prospect Development" Program* - This contract provided a \$1.8 million award to Aiken County, South Carolina, to acquire a facility to accommodate the training of future workers for the new Bridgestone-Firestone South Carolina Corporation (BFSC). SRRDI funding for this project was instrumental in securing a commitment from BFSC to build a new manufacturing plant in Aiken County. SRRDI also committed \$1.2 million to Aiken County to extend rail service to the BFSC site. In addition, \$2 million in community assistance was provided directly to the EDA to administer this rail project. The BFSC project is expected to result in the creation of at least 800 new jobs by BFSC within the next four years.
- Aiken County has acquired the training facility that is currently being used by BFSC. BFSC has begun construction of their new \$435 million plant and has already hired its first 320 full-time employees who will work in the new facility.
- *"Manufacturing Technology Centers" Program* - The project approved its first award in December 1997. Funding was provided in response to a joint proposal submitted by The Georgia Institute of Technology (Georgia Tech), and the University of Georgia, to expand their technical and management assistance services to support the growth of manufacturing firms within the region. The program has resulted in three project proposals being submitted to SRRDI for evaluation and funding.
- *Small Business Seed and Challenge Fund Program* - SRRDI has conducted eleven rounds of quarterly competition. More than 60 proposals have been submitted and 24 projects have been approved for funding. SRRDI has committed over \$1.2 million that has been matched by almost \$2 million in non-DOE funds provided by the project sponsors. The companies involved in this program have reported that as a result of SRRDI's funding for their projects, 124 new jobs have been created, 1,505 existing jobs have been retained, and 1,393 persons have completed technology training programs developed with SRRDI funding support. Project sponsors estimate that SRRDI funding for these projects will result in over 6,000 jobs created or retained by 2001.

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- *Venture Capital Fund Program* - SRRDI has an investment commitment of \$350,000 to a software development company. SRRDI has also made a commitment of \$500,000 as a limited partner in a venture fund managed by Crescent Capital Advisers, Inc. Crescent Capital evaluates investment opportunities and recommends SRRDI's participation. As a limited partner in the fund, SRRDI will share in the distribution of revenues generated by the fund. This new revenue source will assist SRRDI to sustain our programs in the future.

The Exhibit II.42 provides a summary of all projects funded between FY 1993 and September 30, 1998.

From FY 1993 through FY 1998					
Project Title	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Prospect Development	\$3,000,000	\$3,000,000	320	\$9,375	800
Implementation/Training	\$255,898	\$135,898	74	\$1,836	2,156
Business Incubators	\$200,000	\$127,948	32	\$3,998	100
Seed and Challenge Fund	\$4,154,605	\$1,272,304	1,522	\$836	2,388
Venture Capital Fund	\$500,000	\$0	0		220
Administration	\$1,997,942	\$1,407,516	5	\$281,503	1
Planning	\$982,720	\$982,720	195	\$5,040	276
SRRDI Subtotal	\$11,091,165	\$6,926,386	2,148	\$3,225	5,941
Savannah River Operations Office	\$10,268,166	\$8,017,510	764	\$10,494	1,153
Westinghouse SR Company	\$14,263,294	\$8,324,256	539	\$15,444	1,887
SR Site Centers of Excellence	\$12,000,000	\$2,586,414			
Totals*	\$47,622,625	\$25,854,566	3,451	\$6,742	8,981

*The "Funds Spent" total includes \$2,586,414 costed under the "Centers of Excellence" project. These funds are non-section 3161 funds and are not expected to create jobs in the local community. This figure is subtracted when calculating the "Cost per Job" ratio.

Exhibit II.42 Savannah River Funding and Job Creation by Program Area

II.4.14.7 Future of the Site

The environmental restoration program at the Site is expected to grow significantly during the next few years as the Department continues to decontaminate and decommission nuclear facilities. Major projects are underway at the Site to clean up contaminated soils and to remove hazardous contaminants from groundwater. Future challenges include achieving consensus among key stakeholders on land use, establishing acceptance limits for residual contaminants consistent with projected land use, and developing cost-effective cleanup methods. The Site is actively pursuing potential new missions.

No downsizing occurred during FY 1998, and given current budget parameters, the site expects to maintain basic employment stability throughout FY 1999.

II.4.14.8 Accomplishments and Lessons Learned

Accomplishments:

- ***Labor Relations:*** WSRC developed a new avenue for displaced craft workers to submit applications for WSRC positions via the WSRC Staffing Department. As construction craft employees are released due to normal ebb and flow, they are counseled to go to the outplacement center to complete job applications for any WSRC job opening for which they may be qualified. Craft applicants are then administered standard qualifying tests. Those successful on the tests are then placed in a pool of “prequalified” candidates available for future nonexempt vacancies. This has helped to demonstrate good faith action and labor sensitivity by WSRC by providing special accommodation to craft workers being laid off.
- ***Outplacement Center:*** Through ongoing collaborative efforts, WSRC has reached agreement with the State of South Carolina wherein the State will fund and provide facilities and personnel to service the transitional needs of SRS employees affected by downsizing. Transition of outplacement center services to the State occurred on October 5, 1998. Although WSRC will continue to maintain both a preference-in-hiring eligible database and the JOBBS database, the transition of all other outplacement services to the State will result in a considerable cost savings to DOE.

Lessons Learned:

- The DOE Planning Guidance for Contractor Work Force Restructuring includes the requirement that subcontractors whose contracts for Department of Energy work that equals or exceed \$500,000 in value must honor the hiring preference benefit. However, as there is no requirement for such subcontractors to report on the number of such hiring preferences actually honored (e.g. how many SRS hiring preference eligible former employees were hired by such subcontractors), ongoing oversight of this requirement is less than adequate. WSRC will request specific data from its subcontractors with contracts valuing \$500,000 or more on a periodic basis concerning numbers of eligible preference-in-hiring candidates actually hired.
- During FY 1998, a concern was submitted by the local International Brotherhood of Electrical Workers that WSRC had attempted to hire workers from outside the local area to work at SRS. Specifically, the concern indicated WSRC had recruited applicants from Norfolk, Virginia in particular and other places without advertising locally. It was also implied that no job notices were provided to the local State unemployment agencies for any of the positions for which applicants were being sought outside the local area. Investigation into the matter

determined the allegations were not well founded, and that attempts to recruit qualified candidates locally, inclusive of the State unemployment agencies, were ongoing. However, it was determined that better and more timely communications with local labor union representatives and construction crafts themselves concerning available job opportunities at SRS was needed. Therefore, as discussed above (*Accomplishments – Labor Relations*) a process has been put into place wherein all construction crafts being released as a result of normal ebb and flow are afforded the opportunity to apply for any contractor job openings at SRS for which they are qualified.

- As WSRC began more hiring in FY 1998, it became readily apparent that DOE-SR and WSRC had considerably different interpretations of the preference in hire benefit. This resulted in several discussions among DOE-SR, DOE-HQ, WSRC, and labor representatives which culminated in a visit from DOE Headquarters in October, 1998 to present to WSRC and the labor representatives a draft implementation policy for preference in hiring at SRS. The meeting was considered successful in that clearer expectations were set forth for the contractors and for the labor representatives. The draft implementation policy is expected to be finalized in FY 1999 after the stakeholder consultation process has been completed.